Item 1. Cover Page

HTK

Hornor, Townsend & Kent, LLC
600 Dresher Road
Horsham, PA 19044
(800) 873-7637

You may also visit us on the web at www.htk.com

HTK Advisory Services Disclosure Brochure

As of March 31, 2022

(Form ADV Part 2A)

This Disclosure Brochure provides information about the qualifications and business practices of Hornor, Townsend & Kent, LLC (HTK), a registered investment adviser with the U.S. Securities and Exchange Commission ("SEC"). If you have any questions about the contents of this Disclosure Brochure, please contact HTK Client Services at (800) 873-7637.

The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Furthermore, registration with the SEC does not imply a certain level of skill or training.

Additional information about HTK also is available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2. Material Changes

The last annual update of the Form ADV Part 2A was March 31, 2021. Since the last annual update, HTK has made material changes to its Disclosure Brochure and its Wrap Fee Program Brochure Supplement. The changes are summarized below and are more fully described in the referenced sections of this Disclosure Brochure.

HTK updated information related to the Smart Journey Program, which is now disclosed in the Wrap Fee Program Brochure Supplement (Part 2A Appendix 1 of Form ADV).

HTK removed disclosure related to fees paid in solicitor relationships with those who solicited clients on behalf of HTK. While HTK does not currently accept solicitor referrals, we may maintain referral relationships at any time. Note that this does not refer to the relationships where HTK investment adviser representatives solicit on behalf of certain third-party asset managers as described in Item 4.

HTK has entered into an agreement with Advisor Credit Exchange to provide security-backed lines of credit, unsecured loans, loans backed by other assets, and residential real estate loans. Information related to this relationship has been disclosed under Item 10.

Item 3. Table of Contents

Item 4. Advisory Business

<u>Our Firm</u>

Hornor, Townsend & Kent, LLC ("HTK", "firm", "us", "we" or "our") is registered with the U.S. Securities and Exchange Commission ("SEC") as an investment adviser under the Investment Advisers Act of 1940 and as a broker-dealer under the Securities Exchange Act of 1934. HTK is also a registered broker-dealer with the Financial Industry Regulatory Authority, Inc. ("FINRA") and a member of the Securities Investors Protection Corporation ("SIPC").

HTK has been registered with the SEC providing investment advisory services to clients since February 25, 1999. As of December 31, 2021, HTK manages $3,184,486,414 of client assets on a non-discretionary basis and $315,148,215 of client assets on a discretionary basis.

HTK is based in Horsham, Pennsylvania and is organized as a limited liability company under the laws of Delaware. HTK is a wholly owned subsidiary of The Penn Mutual Life Insurance Company ("Penn Mutual") and serves as a principal underwriter and distributor for variable insurance and annuity products issued by Penn Mutual and, its insurance affiliate, The Penn Insurance and Annuity Company ("PIA"). The principal business of Penn Mutual is life insurance.

As a registered investment adviser, HTK provides advisory services to clients by and through our investment adviser representatives ("IARs"). For more information about your IAR providing advisory services, please refer to their Brochure Supplement (Form ADV Part 2B). The Brochure Supplement is a separate document that is provided by your IAR along with this Disclosure Brochure before or at the time you engage with them. If you did not receive a Brochure Supplement for your IAR, please contact your IAR directly or HTK Client Services at (800) 873-7637.

This Disclosure Brochure provides clients and prospective clients with information about HTK advisory services. Clients are advised and should understand that there can be no assurance that any particular strategy will be successful in achieving the client's investment goals and objectives. Any investment in the securities markets involves risk, including the realization of investment loss.

HTK Advisory Services

HTK offers the following investment advisory services:

- Financial Planning and/or Consulting Services
- Retirement Plan Consulting Services ("RPCS")
- Third-Party Asset Managers ("TPAMs")

In choosing one or more of the services above, your IAR will work with you to assess your needs and investment objectives. Your IAR will collect information including, but not limited to, your investment goals, income requirements, time horizon, and tolerance for risk in order to tailor their recommendations to your needs and objectives. You will also be able to communicate any reasonable restrictions you would like to impose on the management of or investment products included in your account.

A more detailed description of each service is provided under the corresponding headings below, as well as in Item 5: *Fees and Compensation.*

Note: HTK also offers wrap fee programs. Clients, within a wrap fee program, generally pay one inclusive fee that is not based on transactions executed in the account. Services provided include investment management, custody, reporting, performance-monitoring, and trade execution service. HTK's wrap fee program offerings are detailed separately in the HTK Wrap Fee Program Brochure Supplement (Part 2A Appendix 1 of Form ADV).

Our Fiduciary Role

HTK and your IAR assume a fiduciary duty to provide you investment recommendations that are in your best interest. This fiduciary duty extends to all advisory accounts that you maintain with HTK, but such fiduciary duty does not extend to brokerage or other non-advisory accounts or investments. The level of monitoring in your advisory account will depend on the type of account and the advisory program you select.

Your IAR and HTK offer advisory services on a number of different platforms and custodians. The advisory services will differ dependent upon the services provided by your IAR and the platform you choose.

HTK Advisory Services Descriptions

Financial Planning and/or Consulting Services

HTK's IARs may offer comprehensive or limited financial planning services for a fee, or consulting services for a fee. Financial planning services may include, but are not limited to, retirement, education, tax, business succession planning, or budgeting and cash flow analysis. Your IAR will collect pertinent financial information to evaluate and discuss financial planning recommendations. You will enter into a separate written Fee-based Financial Planning Agreement ("FFP Agreement") before any financial services begin. This FFP Agreement will describe the services and fees you and your IAR have agreed upon. Your IAR will provide you with a written report(s) of all relevant analysis and recommendations. Once the planning services are delivered, the FFPA Agreement terminates. You have full discretion as to how to implement your financial plan including the discretion to choose how to implement any recommendation or advice provided by your IAR(s). There is no requirement to use HTK or any of its IAR(s) or financial professionals for investment services. An additional agreement will be required if you choose to utilize your IAR for further advisory services and/or engage a HTK registered representative for brokerage or other financial services.

When offering financial planning services, IARs are required to use HTK-approved software tools offered by certain third-party vendors for financial analysis. These tools provide analysis and general guidance on how to meet your stated investment goals.

Consulting services include ongoing consultation with your IAR on financial matters including, but not limited to, budgeting and cash flow analysis, setting financial goals and objectives, risk appropriate asset allocation, and retirement income planning. Your IAR will collect pertinent financial information to help determine your primary personal goals, risk tolerance, needs and objectives. You will enter into a separate written Subscription-based Consulting Services Agreement ("SCS Agreement") before any financial services begin. This SCS Agreement will describe the services and fees you and your IAR have agreed upon. Your IAR may or may not provide written reports and analysis. You have full discretion as to how to implement any recommendation or advice provided by your IAR(s) as a result of your consulting services relationship. There is no requirement to use HTK or any of its IAR(s) or financial professionals for investment services. An additional agreement will be required if you choose to utilize the IAR for further advisory services and/or engage a HTK registered representative for brokerage or other financial services. Consulting services do not include implementing or monitoring of any recommendations provided under the SCS Agreement, and neither HTK nor your IAR will have any discretion over your assets under the consulting services relationship.

HTK and its IARs do not provide legal, tax, or accounting advice. None of the services described herein are intended as, or meant to be a substitute for, legal, accounting, or tax advice. All such matters should be discussed with your legal, accounting, actuarial, and tax professionals.

Retirement Plan Consulting Services ("RPCS")

Through HTK's RPCS program, IARs, who meet certain requirements, assist clients that are trustees or other fiduciaries to retirement plans by providing fiduciary and/or non-fiduciary services. In instances where HTK provides fiduciary services under RPCS, the HTK IAR appointed by the trustee (or another appropriate fiduciary) will serve as a 3(21) fiduciary as defined under the Employee Retirement Income Security Act of 1974 ("ERISA") to a Retirement Plan ("Plan"). HTK IARs will perform certain limited scope investment advisory services for the Plan pursuant to and consistent with Section 3(21) of ERISA. HTK and the IAR provides advisory and consulting services on a non-discretionary basis. Thus, the client makes the decisions regarding the purchase and sale of securities and the investment options to be made available in the Plan. Neither HTK nor the HTK IAR exercise authority over the administration of the Plan. Additionally, HTK IARs do not provide individualized investment advice to Plan participants regarding their Plan assets.

Fiduciary services include one or more of the following:

- Assisting clients with preparing and reviewing the Plan's investment policy statement;
- Recommending to clients specific investment vehicles made available as investment options under the Plan;
- Periodically monitoring the Plan's investment options and providing reports and analysis generated by third-party software providers; and,
- Assisting clients in meeting the "broad range" requirement of Section 404(c) under ERISA. However, the HTK IAR is not responsible for the Plan's compliance with Section 404(c) of ERISA.

Non-Fiduciary services include one or more of the following: 1) reviewing the size, demographics and growth trends of the Plan and making recommendations on key provisions in the Plan; 2) Providing educational materials prepared by platform providers, addressing general fiduciary duties applicable to maintaining a retirement plan; 3) conducting periodic meetings, with clients, to discuss certain industry and legislative developments; 4) liaising between the Plan and service providers, product sponsors or vendors; and, 5) recommending one or more platform service providers. HTK IARs evaluate industry service providers based upon a variety of factors including, but not limited to, cost, fund performance, and services provided. In doing so, HTK IARs provide services including assisting with the preparation, distribution and evaluation of Requests for Proposals (RFPs) for platform providers, and interviewing RFP finalists.

Separate from services provided under RPCS, HTK and HTK IARs offer to Plans and their participants all other securities products and advisory services available through HTK. When offering such "other securities products and advisory services" neither HTK nor HTK IARs are deemed to be providing services under Section 3(21) of ERISA under their Plan Agreement(s) or acting as a fiduciary under ERISA with respect to such offering of "other securities products and advisory services." If any such separate services are offered, the recipient of such separate services is advised to make his/her/their decision to accept or reject such "other securities products and advisory services" independently of and without reliance on any advice or opinion of HTK or the HTK IAR.

Third-Party Asset Managers ("TPAMs")

TPAM programs, reviewed and approved by HTK for use by IARs, provide you with the opportunity to have your investment portfolios professionally managed by third-party asset managers unaffiliated with HTK. TPAM programs offer you access to a wide variety of model portfolios with varying levels of risk from which they can choose. TPAMs selected by HTK satisfy our due diligence review process and requirements. In limited situations, HTK has the discretion to waive certain requirements and limit the services provided to "service only" relationship, under which no new clients are placed under the TPAM management. Not all TPAMs are available to all IARs or all clients, and are subject to change.

Each TPAM program is uniquely structured and the investment strategies, types of investments, account minimums, and fee structures vary within each program. HTK is not the sponsor of these programs but acts as either a Co-Adviser or Solicitor. Neither HTK nor your IAR performs ongoing discretionary asset management in your portfolio; this is done by the third-party asset manager. TPAM accounts are maintained with other broker-dealers or custodians. You should carefully review each TPAM's Form ADV Part 2A and any agreements and disclosure documents each TPAM provides to you.

Co-Adviser
HTK, as Co-Adviser, works with TPAMs to provide you with access to their professional investment management services. As Co-Adviser, HTK, through your IAR, is responsible to work with you to collect all necessary information and documentation (*inclusive of any reasonable restrictions permitted by TPAM(s) that you may wish to impose on the management of your TPAM account*) to assist you in selecting the appropriate investment strategy offered by the money manager, and to answer any questions you may have about the money manager or the managed portfolio. Once you select a TPAM, you will enter into a separate advisory agreement(s) with the TPAM that details the scope of your relationship directly with the TPAM. This agreement is in addition to the investment advisory agreement that you enter into with HTK. You then deposit funds or other assets in an appropriate account with the TPAM and thereafter your funds will be invested according to your selected investment objectives and/or as recommended by a portfolio manager available within the TPAM program. HTK IARs will monitor the performance of the TPAM and, as agreed upon with you, but no less than annually, will review your financial situation and objectives; communicate information to the TPAM; and assist you in understanding and evaluating the services provided by the TPAM.

Solicitor
HTK and IARs may also act as a Solicitor and introduce you to a TPAM. In Solicitor relationships, HTK is not acting as a Co-Adviser. For this introduction, the TPAM will pay HTK a Solicitor/Referral Fee, which HTK will share with your IAR. This fee, which is typically an ongoing portion of the fee collected from you by the TPAM, must be disclosed to you at the time of the introduction in a Solicitor Disclosure Statement. Please refer to the Solicitor Disclosure Statement provided to you at the time of the referral to determine the fee paid to HTK and your IAR. Please review the TPAM's Form ADV Part 2A for more information about the advisory fees of the TPAM. Your IAR will meet with you at least annually; however, you are expected to notify your IAR or HTK of any changes in your financial situation, investment objectives, or account restrictions. You may also directly contact your TPAM at any time.

ADDITIONAL INFORMATION REGARDING ERISA OR OTHER TAX QUALIFIED RETIREMENT PLANS

If the account is for a Pension or other Employee Benefit Plan governed by ERISA (such as a 401(k) Plan), or a tax qualified retirement plan governed by Section 401(a) of the Internal Revenue Code ("Code") not covered by ERISA (such as Keogh Plans, or an individual retirement account ("IRA,")) under Section 408 of the Code, HTK acts as "fiduciary" within the meaning of Section 3(21) of ERISA and Section 4975(e) of the Code. In such an instance, HTK serves as a fiduciary only when it assists in the selection of money managers and when it does ongoing performance monitoring and appraisal of selected Third-party Managers.

HTK has the discretion to discontinue or add certain relationships at any time. For additional details on each of these programs, please refer to the Form ADV Part 2A for the applicable third-party money manager.

Item 5. Fees and Compensation

For all advisory services offered by HTK, the specific manner in which fees are calculated and charged is described and agreed to in your advisory and/or financial planning/consulting agreement(s) ("Agreements"). Depending on the advisory services you select, certain fees are negotiable and include hourly fees, fixed fees, or a percentage of assets under management. Fees may be billed in advance or in arrears. If you pay in advance, you may be entitled to a prorated refund of any prepaid fees for services not received upon termination of your agreement. The amount of fees that are charged take into account the complexity and time involved in the work performed, the degree of responsibility HTK and your IAR has over the account, the special needs and characteristics of the client, the types of investments, and the costs involved in providing the service(s) selected. Further information regarding fees and compensation for each of the HTK Advisory Services programs is provided immediately below. Please ensure to read your agreement(s) carefully and ask your IAR any questions related to fees and compensation that you may have.

<u>Financial Planning and/or Consulting Services</u>

For the Financial and/or Consulting Planning Services offered by HTK's IARs, the specific manner in which you compensate your IAR is described in your Financial Planning and/or Consulting Services Agreement. Fees may be quoted as either hourly or a flat fee for services to be rendered. Hourly fees for financial planning services, generally, will not exceed $1,000 an hour. Consulting fees, generally, will not exceed $150 per month. Fees are negotiable and can vary based on the type and level of service provided. IARs will take the following factors into consideration when determining the fee to be assessed to you: 1)The amount of time the IAR expects to spend completing the particular services and providing related advice; 2) The complexity of your financial planning issues and needs; 3) The extensiveness and complexity of the data to be collected in order to perform the service; 4) Your net worth or value of investment accounts and/or other assets that are the subject of the Financial Planning and/or Consulting Services; and, 5) Special circumstances related to a life change, marital status, health or special income needs, or growth or decline of a personal business.

Ask your IAR for their fees for Financial Planning and/or Consulting Services. Each office, and in some instances each IAR of HTK, has their own fee schedule; therefore, the cost of similar services by another IAR may be higher or lower than the fee schedule quoted by your IAR. Fees may also vary among clients due to the complexity of the planning or the depth of the services provided. Thus, a client's quoted fee may be higher or lower than the fee quoted to another client.

If a financial planning and/or consulting services agreement is terminated within five (5) business days from the date of inception, all fees paid in advance will be refunded. If the agreement is terminated at any other time, any prepaid and unearned fees will be returned to you. If you are dissatisfied with the services offered by your HTK IAR, HTK, at its sole discretion, can partially or fully refund your fee.

Additional Information Regarding Paying for Services

HTK IARs decide how they will be compensated for the Financial Planning and/or Consulting Services provided. Fees can be collected in full or in part, in advance of services rendered, or after services are rendered. The fee and payment schedule will be set forth in the Financial Planning and/or Consulting Services Agreement. You will receive an invoice for any payments due. If a client pays $1,200 or more six months or more in advance of services rendered, they are entitled to a copy of HTK's most recent Audited Financial Statement.

<u>Retirement Planning Consulting Services (RPCS)</u>

Under RPCS, clients (i.e. Plan Sponsor or authorized fiduciary for the Plan) pay HTK a fee ("RPCS Fee") for services rendered to the Plan as defined in the Retirement Plan Consulting Services Fee Agreement.

HTK shares a percentage of the RPCS Fee with the HTK IAR based on the agreement between HTK and that IAR. The RPCS Fee are based on a percentage of the assets held in the Plan (up to 1%), on an hourly basis (up to $500 per hour), or on a flat rate, as negotiated between the Plan and the HTK IAR. Clients, as part of their agreement, deem the service fee paid to HTK to be reasonable. Fees for advice and services provided to ERISA retirement plans are negotiable between HTK and clients. If the RPCS Fee is paid prior to the services being provided, the Plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement among the client, HTK and the HTK IAR.

Further details about fees and expenses in connection with RPCS are set forth more fully in HTK's Section 408(b) (2) Disclosure Statement, as required by the Department of Labor ("DOL").

<u>TPAMs</u>

For TPAMs, HTK charges up to 1.5 percent (1.5%) of the client's account value. This does not include manager fees and other charges associated with the TPAM program. For details related to specific TPAM fees, please see the applicable Third-party Advisory Service's disclosure brochures.

Co-Adviser

HTK, as Co-Adviser, works with unaffiliated TPAMs to provide clients with access to their investment advisory services. Neither HTK nor your IAR performs the ongoing discretionary asset management in your portfolio; this is done by your third-party money manager. In some instances, a portion of the advisory fee charged by the third-party money manager is paid to HTK and your IAR; in other instances, your IAR may add on a fee to the money manager's fee for performance of certain assigned services as Co-Adviser. Please review your investment advisory agreement and the TPAM's Form ADV Part 2A for further information regarding the advisory fee for your selected manager(s) and the portion of the fee that is paid to HTK and your IAR. TPAMs charge fees that are debited on a monthly or quarterly basis from your TPAM account(s) either in advance or in arrears. You should refer to the disclosure documents of the applicable TPAM provider for detailed information concerning the refunding of pre-paid advisory fees and how your advisory agreement can be terminated.

Solicitor

IARs and HTK may also act as a Solicitor and introduce you to a TPAM. In Solicitor relationships, we are not acting as a Co-Adviser. For this introduction, the TPAM will pay HTK a Solicitor/Referral Fee, which we will share with your IAR. This fee, which is typically an ongoing portion of the fee from you by the TPAM, must be disclosed to you at the time of the introduction in a Solicitor Disclosure Statement. In some instances, HTK and your IAR share in the money manager's advisory fee; in other instances, HTK may assess a separate fee for our referral in addition to the money manager's fee. Please review the Solicitor Disclosure Statement provided you at the time of the referral to determine the fee we are paid.

The same or similar services to those described above may be available elsewhere to you at a lower cost. HTK offers some employees, its IARs, and family members a discount or waiver of some or all fees.

<u>Other Fees and Expenses</u>

IARs who provide financial planning and/or consulting services also receive commissions from HTK or its affiliates in connection with sales of financial products recommended. Should you decide to implement an investment recommendation to purchase or sell securities through an HTK IAR, your IAR is also registered with HTK's broker-dealer as a registered representative. HTK requires all securities transactions recommended by an IAR and/or registered representative be executed through HTK unless the registered person has received prior written approval from HTK. If you elect to implement a financial plan with your HTK IAR, your HTK IAR in their capacity as a registered representative receives commissions, distribution fees, or both from HTK or its affiliates in connection with the purchase or sale of investments recommended in the plan. This compensation presents a conflict of interest as there is an incentive for HTK registered persons to potentially recommend investment products based on the compensation received, rather than on a client's needs. You are not under any obligation to execute transactions through your HTK IAR and HTK and may utilize the services of registered representatives who are not affiliated with HTK. HTK does not reduce its advisory fees to offset commissions or markups.

If you decide to roll assets out of a retirement plan, such as a 401(k) plan, into an individual retirement account ("IRA"), we have a financial incentive to recommend that you invest those assets with us because we will be paid an advisory fee on those assets, and other compensation. You should be aware that such fees would likely be higher than those you would pay through the plan, and there can be custodial and other maintenance fees. As securities held in a retirement plan are generally not transferred to an IRA, commissions and sales charges may be charged when liquidating such securities prior to the transfer, in addition to commissions and sales charges previously paid on transactions in the plan.

Through the HTK broker-dealer and financial planning and/or consulting services, IARs may recommend and/or sell insurance products, brokerage services and products, and tax-sheltered investments. The majority of HTK's registered representatives and IARs are licensed/appointed as life insurance agents with Penn Mutual.

When acting as an insurance agent, an HTK representative offers and sells insurance products issued and distributed by an insurance company. Though HTK does not recommend the purchase of specific insurance products as part of its advisory services, an HTK representative when acting as an insurance agent recommends the purchase of certain insurance products based on the client's needs.

As insurance agents, HTK representatives receive commissions for the sale of insurance products that is in addition to any compensation received for providing investment advisory services which creates an incentive for the representative to recommend these products. When acting as an insurance agent, an HTK representative is not precluded from offering life insurance products from an unaffiliated life insurance company.

You should be aware that when assets are invested in shares of mutual funds, Exchange Traded Funds (ETFs), closed-end funds, Unit Investment Trusts (UITs), or other pooled investment vehicles, you will pay both the direct management fees to HTK for its services in connection with these investments and, indirectly, your pro-rata share of any internal management fees or expenses related to owning those investments. You can invest directly in these securities without incurring the fees charged by HTK. In addition, there may be tax consequences for fund share redemptions made by you or on your behalf, as well as deferred sales charges or redemption fees.

All fees paid to HTK for its investment advisory services are separate from the fees and expenses charged to clients invested in shares of investment companies and/or other pooled investment vehicles. A complete explanation of the fees and expenses associated with these investments, along with other important information, is contained in the prospectus, disclosures and/or other information provided by the investment provider to clients.

You should also understand that when opening an account with HTK there are additional fees and charges imposed by Pershing, LLC, HTK's clearing firm. These charges include, but are not limited to, custodial, clearing and execution charges, special fees for services rendered to special managed accounts, fees assessed to IRA or retirement type accounts, and other miscellaneous charges incurred in the normal course of business.

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

HTK and HTK IARs do not receive performance-based fees. A performance-based fee is an advisory fee that compensates the IAR for their success in managing their client's assets or "a fee based on the share of the capital gains and appreciation of a client's funds." A performance-based fee may induce an advisor to take greater and undue risks with client's funds in an attempt to generate higher compensation to the advisor.

Item 7. Types of Clients

HTK primarily serves individuals, high net worth individuals, trusts, businesses, and charitable organizations as well as the retirement assets of individuals and businesses, including, individual retirement accounts (IRAs), IRC 403(b) and 457 programs as well as employer sponsored ERISA plans. Clients may open qualified and non-qualified accounts with HTK. Not all investors and plans, including retirement plans, are eligible to invest in one or more of HTK's advisory services programs. Please consult with your IAR or your employer to determine if your assets are eligible to invest.

There are no account minimums or front-end requirements for clients that subscribe to the financial planning and/or consulting services offered by HTK.

Clients should refer to the disclosure documents of the applicable TPAM provider for more detailed information regarding the TPAM's account minimums and other conditions.

HTK's RPCS services are available to clients who are trustees or other fiduciaries to Plans, including 401(k), 457(b), 403(b) and 401(a) plans. Plans include participant directed defined contribution plans and defined benefit plans. Plans may or may not be subject to ERISA. HTK does not require a minimum asset amount for retirement plan consulting services.

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

Most of the advisory services HTK provides involves the purchase (or sale) of securities. All investing involves some level of risk. In many cases, the risk includes the potential to lose the value of your entire principal. Mutual funds and other pooled investment vehicles have disclosure documents that discuss these risks. This disclosure document is commonly referred to as a prospectus, but may be called something else depending on the type of security you have purchased. In any case, it is extremely important that you read these documents in their entirety. If you have any additional questions regarding your investments, please speak with your IAR.

HTK IARs use various methods to determine an appropriate investment strategy for your portfolio. During your initial and subsequent meetings with your HTK IAR, he or she will discuss the methods used for your account. The strategies could include the following:

- **Technical Analysis**: This type of analysis utilizes statistics to determine trends in security prices. Technical analysis tends to focus on factors such as trading volume, demand, and security price fluctuations. This type of analysis is also commonly referred to as chart analysis.
- **Fundamental Analysis:** This type of analysis concentrates on earnings, a company's financial statements, and the quality of a company's management. These quantitative factors are then used to attempt to determine the financial strength of a company.
- **Asset Allocation**: Asset allocation investment strategies attempt to optimize the risk and reward of your portfolio by investing among several asset classes.
- **Diversification:** Diversification is a risk management strategy that uses a wide variety of investments within a portfolio. A diversified portfolio contains a mix of distinct asset types and investment vehicles with the intention to minimize exposure to any single asset or risk. Diversification does not guarantee a better return than a non-diversified portfolio.
- **Concentrated Investment Strategies:** Certain investment strategies may be concentrated in a specific sector or industry. If you invest in a portfolio or strategy that is made up of a concentrated position, sector or industry, your portfolio will be more likely to sharply increase or decrease in value with changes in the markets. Concentrated strategies are more

volatile because the risk associated with each company represents a large percentage of your overall portfolio value.

These methods of securities analysis serve as a basis for the investment advice given to Clients which includes, but not limited to, long term purchases (securities held at least a year); short term purchases (securities sold is within a year); and option writing (primarily, including covered options strategies).

For the most part, this analysis is provided via tools provided by HTK or approved for the HTK IAR use by HTK. In addition, the services of other unaffiliated parties can be used to perform investment research, which include a screening and evaluation of investment firms, mutual funds, index funds, exchange traded funds and other managed or unmanaged investment vehicles.

HTK and HTK IARs also use third-party research to assist in the development of asset allocation models, investment research, security opinions, valuations, analysis and investment manager/management due diligence. HTK IARs either develop asset allocation models or use others from outside independent sources that are approved by HTK. HTK IARs develop their own methods of security and portfolio analysis, sources of information, and investment strategies to assist in the delivery of investment advice to Clients. As such, recommendations and advice provided differ amongst Clients and differ amongst HTK IARs.

Risk of Loss

Investing in the securities market involves investment risk including the possible loss of the principal amount invested. Neither HTK nor HTK IARs represent, guarantee or imply that services or methods of analysis used can or will predict future results, successfully identify market tops or bottoms, or insulate the Clients from losses.

Investing in equity securities generally involves becoming an owner in the issuer company and participating fully in its economic risks. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, clients can suffer losses if they invest in equity instruments of issuers.

An issuer of bonds has agreed to return the face value of the security to the holder at maturity. Most bonds pay investors a fixed rate of interest income. While bonds are generally considered more conservative than equity investments, they carry risks that include the risk that the issuer will default on payment of principal, fluctuation in interest rates, inflation and counterparties' inability to meet contractual obligations.

Mutual funds and ETFs generally own securities and are therefore exposed to the risk of loss that is inherent in investing in securities of individual companies. The extent of the risk of ownership of fund shares generally depends on the type and number of securities held by the fund. Mutual funds are subject to the individual risks described in their prospectuses. For example, mutual funds in fixed income securities are subject to the same interest rate, inflation, and credit risks associated with the fund's underlying bond holdings. Risks are significantly increased if a mutual fund pursues an alternative investment strategy. An investment in an alternative mutual fund involves special risks such as risk associated with short sales, leveraging the investment, potential adverse market forces, regulatory changes, and potential illiquidity. Investing in alternative strategies presents the opportunity for significant losses. Returns on mutual fund investments are reduced by management fees and expenses. All mutual funds, including "no load" funds, incur transaction costs, expenses, and other fees that are passed through by the mutual fund and ultimately paid by the fund shareholders. Generally, this information is referred to in the fund Prospectus, or in other information as may be requested or obtained from the fund. Mutual fund shares fluctuate in value, rising and falling in price depending on the performance of the underlying securities in the fund. The Net Asset Value ("NAV") of a mutual fund indicates its value or price per share.

An ETF's risks include declining value of the securities held by the ETF, adverse developments in the specific industry or sector that the ETF tracks, capital loss in geographically focused funds because of unfavorable fluctuation in currency exchange rates, differences in generally accepted accounting principles, or economic or political instability, tracking error, which is the difference between the return of the ETF and the return of its benchmark and trading at a premium or discount, meaning the difference between the ETF's market price and NAV. While ETFs can provide diversification, risks can be significantly increased for funds concentrated in a particular sector of the market, or that primarily invest in small cap or speculative companies, use leverage (i.e., borrow money), or concentrate in a particular type of security rather than balancing the fund with different types of securities. ETFs can be bought and sold throughout the day and their price can fluctuate throughout the day. During times of extreme market volatility, ETF pricing can lag versus the actual underlying asset values and there is no guarantee this relationship will resolve itself. ETFs also are subject to the individual risks described in their prospectus.

Although many mutual funds and ETFs provide diversification, risks can be significantly increased if a mutual fund or ETF is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage to a significant degree, or concentrates in a particular type of security. One of the main advantages of mutual funds and ETFs is that they give individual investors access to professionally managed, diversified portfolios of equities, bonds and other securities.

Although the goal of diversification is to combine investments with different characteristics so that the risks inherent in any one investment can be balanced by assets that move in different cycles or respond to different market factors, diversification is not always successful in reducing correlation among asset classes and does not eliminate the risk of loss. In some circumstances, price movements are highly correlated across securities and funds. A specific fund may not be diversified, and a client portfolio may not be diversified. Additionally, when diversification is a client objective, there is risk that the strategies that the Firm uses will not be successful in achieving the desired level of diversification. There is also risk that the strategies, resources, and analytical methods that the Firm uses to identify mutual funds and ETFs will not be successful in identifying investment opportunities.

Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss. The following events also could cause mutual funds, ETFs, equities and fixed income securities and other investments in clients' accounts to decrease in value:

- **Market Risk**: The price of an equity security, bond, or mutual fund will fluctuate in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, changes in political, economic and social conditions will likely trigger adverse market events.
- **Strategy Risk:** There is no guarantee that the investment strategies discussed in this document will work under all market conditions and you should evaluate your ability to maintain any investment you are considering in light of your own investment time horizon. Investments are subject to risk, including possible loss of principal.
- **Interest Rate Risk**: Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive compared to newly issued bonds, causing the market values of existing bonds to decline.
- **Event Risk**: An adverse event affecting a particular company or that company's industry could depress the price of a client's investments in that company's stocks or bonds. The company, government or other entity that issued bonds in a client's portfolio could become less able to, or fail to, repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency. Adverse events affecting a particular

country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in that country.

- **Liquidity Risk:** Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions. Some securities may be infrequently or thinly traded even under normal market conditions.
- **Leverage Risk:** The use of leverage may lead to increased volatility of a fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the fund's portfolio, which may lead to increase market price declines. Fluctuations in interest rates on borrowings or the dividend rates on preferred shares that take place from changes in short-term interest rates may reduce the return to common shareholders or result in fluctuations in the dividends paid on common shares. There is no assurance that a leveraging strategy will be successful.
- **Political Risk:** The events that occur in the U.S. relating to politics, government, and elections can affect the U.S. markets. Political events occurring in the home country of a foreign company such as revolutions, nationalization, and currency collapse can have an impact on the security.
- **Inflation Risk:** Countries around the globe are more, or less, prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates will likely find it more difficult to post profits reflecting its underlying health.
- **Currency/Exchange-Rate Risk**: Overseas investments denominated in foreign currencies are subject to fluctuations in the exchange rates between such foreign currencies and the U.S. dollar. In addition, investments denominated in foreign currencies are subject to the possible imposition of exchange control regulations or currency restrictions or blockages.
- **Reinvestment Risk:** Future proceeds from investments have to be reinvested at a lower rate of return when such proceeds become available for investment. This primarily relates to fixed income securities, especially in a period of declining interest rates.
- **Operational Risk**: Fund Advisers and other ETF service providers can experience disruptions or operating errors such as processing errors or human errors, inadequate or failed internal or external processes, or systems or technology failures that could negatively impact the ETF.
- **Regulatory/Legislative Developments Risk:** Regulators and/or legislators may promulgate rules or pass legislation that places restrictions on, adds procedural hurdles to, affects the liquidity of, and/or alters the risks associated with certain investment transactions or the securities underlying such investment transactions. Such rules/legislation could affect the value associated with such investment transactions or underlying securities.
- **Environmental, Social, and Governance (ESG):** This term refers to a class of investing that is also known as "sustainable investing." These investments seek positive returns and long-term impact on society, environment, and the performance of the business. There are several different categories of sustainable investing including, impact investing, socially responsible investing (SRI), ESG, and values-based investing. The performance of an ESG fund may not match or correlate to that of its Index, either on a daily or aggregate basis due to factors such as fund expenses, imperfect correlation, rounding of share prices, changes to the composition of the Index, regulatory policies, high portfolio turnover and the use of leverage (if any). ESG investing carries unique risks and under certain market conditions, the fund may underperform funds that do not utilize a responsible investment strategy
- **Illiquid Securities:** Investments in hedge funds, other private investment funds, and other private investments may underperform publicly offered and traded securities because such private investments:
    - Typically require investors to lock-up their assets for a period and may be unable to meet redemption requests during adverse economic conditions;
    - Have limited or no liquidity because of restrictions on the transfer of, and the absence of a market for, interests in these funds or investments;

- Are more difficult for to monitor and value due to a lack of transparency and publicly available information about these funds or investments;
- May have higher expense ratios and involve more conflicts of interest than publicly traded investments; and
- Involve different risks than investing in registered funds and other publicly offered and traded securities. These risks may include those associated with more concentrated, less diversified investment portfolios, investment leverage and investments in less liquid and non-traditional asset classes.

Cybersecurity

The computer systems, networks and devices used by HTK, its IARs, service providers to HTK and clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks, or devices could still be breached. A client could be negatively impacted by a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks, or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow, or otherwise disrupt operations, business processes, or website access or functionality. Cybersecurity breaches have the ability to cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers, and other financial institutions; and other parties. In addition, substantial costs may be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Risks Related to TPAMs

Regarding TPAM programs, clients should refer to the applicable disclosure document for more detailed information regarding the method of analysis used to provide investment advice or manage assets and the risks associated with the investment strategies used by the third-party money manager.

Item 9. Disciplinary Information

On October 2, 2012, FINRA contended that HTK's system and procedures failed to prevent a registered principal from failing to review and endorse direct application of subsequent transactions involving previously purchased mutual funds (including 529 plans), and failed to provide for suitability review of same, including review for source of funds and breakpoints. FINRA contended that HTK failed to prepare adequate blotters. Without admitting or denying these allegations, HTK consented to these findings and described sanctions. As a result, HTK was censured and fined $150,000.00.

On November 14, 2017, without admitting or denying the findings, the Firm consented to sanctions and to the entry of findings by FINRA that HTK's broker-dealer failed to implement a supervisory system and procedures reasonably designed to ensure the suitability of multi-class variable annuities sales, including L-Share contracts. The findings stated that the Firm failed to implement an adequate supervisory system and Written Supervisory Procedures (WSPs) related to the sales of multi-class class variable annuities. The Firm's WSPs failed to provide Registered Representatives and Principals guidance and suitability considerations for sales of different variable annuities share classes. The Firm did not provide training to representatives on the features of the various share classes and the associated fees and surrender charges, and did not provide them with adequate information to compare share classes to make suitability determinations. In addition, the Firm failed to establish, maintain, and enforce WSPs or provide sufficient guidance or training to Registered Representatives and Principals regarding the sale of Long-Term Income Riders with multi-share class variable annuities, particularly the combination of L-share contracts with Long-Term Income Riders. The findings also stated the Firm failed to adequately supervise the private securities transactions of Registered Representatives with third-party advisory firms. The Firm's WSPs did not address the supervision of transactions that representatives executed on behalf of third-party Registered Investment Advisers. As a result, the firm did not adequately supervise these activities. The Firm was censured and fined $275,000.

Item 10. Other Financial Industry Activities and Affiliations

Broker-Dealer Registration

In addition to being an investment adviser registered with the SEC, HTK is a registered broker/dealer and a correspondent firm of Pershing LLC, which is HTK's clearing broker-dealer. In consequence of this relationship, HTK introduces client transactions to Pershing for execution, clearance and settlement. In addition to these services, Pershing provides custody of client brokerage and advisory accounts. Clients who subscribe to the HTK Advisory Series Program establish a securities brokerage account with HTK and execute, clear, and settle securities transactions for their Advisory Series portfolios through Pershing. Although no client is required by law to select Pershing for execution, clearance, settlement or custodial services, a client desiring to participate in HTK's Advisory Series Program is not permitted, because of the clearing arrangement between HTK and Pershing, to choose a different clearing broker/dealer (i.e., other than Pershing) for execution, clearance, settlement, and custodial services. HTK and Pershing are not affiliated entities. See also Client Referrals and Other Compensation below.

IARs are registered representatives of HTK, a registered broker/dealer and correspondent firm of Pershing, and through this relationship receive transaction-based compensation for annuities and 529 Plans where HTK is the broker of record. This presents a conflict of interest in that it could incentivize IARs to recommend annuities based on the additional transaction-based compensation that the IAR will receive rather than based on a client's needs. HTK addresses this conflict through this disclosure and by preventing IARs from receiving both advisory fees and transaction-based compensation on the same assets (i.e., they do not "double dip" on the annuities or 529 Plans).

Other Material Relationships

HTK is a wholly-owned subsidiary of Penn Mutual and serves as a principal underwriter and distributor for registered insurance products issued by Penn Mutual and PIA. Penn Mutual and its affiliate companies are engaged in providing a range of diversified financial services. Certain of these companies are broker/dealers, investment companies, investment advisers, and insurance companies.

The majority of HTK's registered representatives and IARs are licensed and appointed as life insurance agents with Penn Mutual. When acting as an insurance agent, an IAR offers/sells insurance products issued and distributed by either or both Penn Mutual or PIA. As insurance agents, HTK representatives receive commissions for the sale of insurance products; these commissions will be paid in addition to any compensation received by the HTK IAR for providing investment advisory services. These compensation arrangements present an incentive for the IAR to recommend products offered by these affiliated companies.

Some IARs own and operate their own independent companies - referred, in the industry, as "outside business activities" or OBAs - outside of brokerage and advisory services offered by HTK. These unaffiliated companies provide OBA services to clients that include, but are not limited to, accounting/tax practices, business consulting, insurance agencies, legal services, and others. If a client engages an IAR for such OBA services, the client is advised that these services are offered and performed solely in the IAR's private and/or professional capacity - not as a representative of HTK.

HTK permits certain IARs to maintain their own independent registered investment advisory firm which may offer advisory services similar to, yet independent of, HTK. HTK assumes no responsibility for their advisory programs and conducts limited suitability supervision over the transactions initiated by the IAR. An IAR who has their own independent investment adviser has a fiduciary responsibility to recommend to you the most suitable advisory program regardless of whether it is offered through their registered investment adviser or HTK's registered investment adviser, or an affiliate. Advisors affiliated with other registered investment advisory firms must provide to their clients that firm's Form ADV Part 2A and advisory agreements and disclosures. To inquire as to whether your Advisor is affiliated with a separate registered investment advisory firm, it will be listed on their Form ADV 2B, a copy of which they are required to provide to you, or you may go to www.adviserinfo.sec.gov or www.brokercheck.finra.org.

HTK established a relationship with Advisor Credit Exchange (ACX), which provides security-backed lines of credit (SBLOC), unsecured loans, loans backed by other assets, and residential real estate loans. To obtain an SBLOC, clients are able to use their investment accounts as collateral for a variable or fixed line of credit. HTK IARs may refer clients that require lending services to ACX. Clients should understand that any such referral is an ancillary account service and it is not an Advisory Service, nor is it part of any Advisory Program. HTK IARs act as an intermediary but do not act in a fiduciary capacity to the client when making such a referral and will not provide advice or oversee any such lending arrangement. HTK IARs are, however, responsible for counseling clients on the implications of obtaining SBLOCs, loans backed by other assets, or unsecured loans including; the impacts of market and interest rate fluctuations and potential tax implications, as applicable. Clients may not use proceeds from a loan to purchase securities. HTK receives a fee from the lender based upon the amount of the loan. HTK IARs are not compensated for these referrals.

Information Regarding CFP® Certificants

If your IAR is a CFP® certificant, your IAR acknowledges their responsibility to adhere to the standards established in CFP Board's Standards of Professional Conduct ("Standards"), including the duty of care of a fiduciary, as defined by CFP Board. If you become aware that their conduct may violate the Standards, you may contact the CFP Board at www.CFP.net/complaint. The Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, Certified Financial Planner™ and federally registered CFP (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

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

Our Shared Commitment

Penn Mutual and its affiliate companies have adopted a comprehensive values statement or "Our Shared Commitment" that aligns our principles with our unique company culture. HTK is dedicated to upholding Our Shared Commitment, while conducting ourselves in a manner consistent with the highest ethical and fiduciary standards.

- We are driven by a commitment to serve the best interests of our clients, guided by unwavering integrity. It inspires every decision we make and every action we take.
- We conduct business honestly and ethically.
- We foster authentic and mutually beneficial relationships.
- We make decisions that are consistent with the laws and regulations that govern our business and conduct.
- We safeguard our assets and protect the privacy and confidentiality of information entrusted to us.
- We maintain financial integrity to meet obligations to our policyholders and protect the company's long-term viability.

- We embrace and nurture a culture of respect, diversity, equality and inclusion, and maintain a positive and safe workplace free from harassment or any other inappropriate behavior.
- Doing what's right today, together, for the promise of a brighter tomorrow. The feelings are mutual: Care. Respect. Belonging.

Additionally, HTK has adopted a Code of Ethics that sets forth standards of conduct, requires compliance with applicable securities laws, and reflects the fiduciary principals of our industry. HTK IARs and other supervised persons are required to attest to their understanding and acceptance of HTK's Code of Ethics on an annual basis. HTK will provide a copy of our Code of Ethics to you upon request.

Participation or Interest in Personal Trading – Client Recommendations

As part of our ongoing commitment to serving the best interests of our clients, HTK has adopted policies intended to provide assurance that the business activities of IARs and other associated persons is in agreement with applicable laws, regulations, Our Shared Commitment, and Code of Ethics. HTK expressly prohibits any IAR or related person from improperly profiting at the expense of our clients and/or competing with a client. IARs and related persons are permitted to buy or sell securities identical to those recommended to clients. However, as a general practice, client purchases and sales must be executed before transactions are made in IAR and/or related persons accounts.

HTK has adopted policies designed to prevent access to non-public information about securities recommendations, and client securities, holdings and transactions, except to those employees that need such information to perform their duties. Additionally, it is against HTK policy for any access person to place a trade in their own account or in a client's account that is based on material, non-public information. All access persons are required to disclose all personal brokerage accounts where the related person has either direct or indirect beneficial ownership and provide information on all securities transactions (involving reportable securities). HTK defines an "access person" as any director, officer, IAR, and other person supervised by HTK who may have access to nonpublic information or make securities recommendations to advisory clients. HTK periodically reviews the activity in disclosed personal brokerage accounts to verify that the activity is in agreement with HTK policies and applicable laws and regulations.

Item 12. Brokerage Practices

In connection with RPCS services, an IAR has the discretion to recommend that a Plan use a certain retirement plan platform or service provider (such as a record-keeper or administrator). For some plans, HTK and IAR serves as broker-dealer in connection with the sale of securities or insurance products to the Plan. As noted above, for Plans that are subject to ERISA or are otherwise subject to Section 4975 of the Code, 12b-1 fees paid by product sponsors to HTK and IAR as broker-dealer of record to the Plan are used to offset the RPCS Fee.

Item 13. Review of Accounts

For clients receiving financial planning/consulting services and/or RPCS services, the IAR conducts an initial meeting with the client to determine investment objectives and risk tolerance to ensure the services and advice provided are in agreement with the client's investment needs and current financial situation. For financial planning clients, HTK also periodically reviews financial plans to ensure the services provided are in line with the agreement, parameters and services selected by the client. For RPCS clients, HTK periodically reviews the retirement plan analysis reports produced by the IARs.

HTK also periodically reviews TPAM accounts to monitor and confirm the TPAM and available Managers remain within expected investment styles and the account is in agreement with the client's current investment objectives and financial goals. Clients should also refer to TPAM's disclosure documents for information about the review of accounts.

HTK home office and supervisory personnel review client accounts and advisory services to identify situations that warrant a more detailed review or specific action on behalf of a portfolio or client. Such reviews, include, but are not necessarily limited to suitability, fees, investment results, etc.

Client Reports

For all asset management programs, a quarterly statement is delivered detailing portfolio holdings and market prices, all transactions, performance data and fee billing information. In some cases, statements are delivered to you by a third-party for those advisory programs where HTK has entered into an agreement with an unaffiliated RIA to provide certain advisory services. For assets held with HTK's clearing firm, Pershing, trade confirmations are provided for securities transaction placed in the account. Additionally, you can contact your IAR or the TPAM to discuss holdings, account valuations, performance, etc.

Item 14. Client Referrals and Other Compensation

Marketing Partners Program

HTK's Marketing Partners Program is a program designed to offer managed account program sponsors access to HTK's network of IARs for marketing, training and education purposes. Forming a focused group of supporting sponsors enables HTK to efficiently use its resources in educating its IARs. Marketing Partners receive access to IARs through participation in the following:

- Lists of HTK IARs;
- Educational or sales conferences; and,
- Teleconference training.

As part of the program, HTK publicizes and/or promotes the products, sales ideas and other marketing materials from these supporting sponsors. All approved product sponsors of investment company securities, advisory products and direct participation programs have the opportunity to participate in the Marketing Partners Program. Marketing Partners compensate HTK to obtain greater access to IARs and registered representatives. IARs are not required to promote a Marketing Partner's products or services to clients.

However, HTK does not allow any additional compensation to be paid to IARs when recommending a Marketing Partner's investments or products. Whenever recommendations are made by IARs to clients, the IAR understands that recommendations must be based upon product suitability and consistency with the client's stated investment and financial and other relevant objectives.

IARs receive production bonuses as a result of reaching certain levels of sales and/or assets under management. Production levels and compensation to IARs varies. There is a potential conflict of interest for HTK and its IARs when recommending certain affiliated products, because HTK retains a greater share of the revenue from such products.

HTK IARs are eligible to receive incentives, prizes, awards, and certain reimbursements for advertising, sales literature and promotions offered by product promoters, such as mutual fund companies. It is HTK's policy to permit all IARs to accept such awards and prizes to the extent that they are usual and customary within the industry, and in compliance with the SEC, FINRA, or state rules, regulations or guidelines.

Because an IAR receives such incentives, a conflict of interest exists when an IAR recommends a product or service for which an incentive or prize is awarded. HTK addresses the conflict described above through disclosure in this Brochure and through compliance rules and procedures designed to monitor IARs' compliance with their obligations to clients under the Advisers' Act and relevant rules promulgated thereunder.

Item 15. Custody

Excluding HTK's ability to deduct fees from proprietary advisory programs as outlined in our Wrap Fee Brochure, HTK does not have custody of client funds or securities. Clients receive account statements quarterly, or more frequently, from the broker-dealer or other qualified custodian that holds their account / assets.

Regarding TPAMs, you should refer to the respective TPAM's Form ADV Part 2A for complete information concerning custodial practices and policies of the TPAM.

Item 16. Investment Discretion

With respect to Financial Planning and/or Consulting Services, RPCS, and TPAM services and/or TPAM program, HTK, and the IAR do not have discretionary investment authority.

For TPAM programs, the client generally authorizes the third-party investment manager to purchase or sell securities on a discretionary or non-discretionary basis pursuant to the investment objectives chosen by the client. You should refer to the respective TPAM's investment advisory agreement(s) and Disclosure Brochure for information regarding policies and procedures for investment discretion.

Under RPCS, HTK. and the IAR provides advisory and consulting services on a non-discretionary basis, so that the client makes the decisions regarding the purchase and sale of securities and the investment options to be made available in the Plan. HTK and IAR do not exercise authority over the administration of the Plan.

Item 17. Voting Client Securities

HTK and HTK IARs are expressly precluded from taking any action on behalf of clients, and are not obligated to render any advice to clients, with respect to (a) the voting of proxies solicited by, or with respect to, the issuers of any securities held in the account; or, (b) legal proceedings involving securities or other investments presently or previously held in the account, or the issuers thereof, including bankruptcies and class action lawsuits.

Clients receive proxies or other solicitations directly from the custodian or transfer agent. In the event HTK and/or the IAR receives such information, HTK and/or the IAR will send, or will cause to be sent, all such proxy and legal proceedings information and documents to the client, to allow the client to take whatever action they deems advisable under the circumstances.

Clients should refer to the respective TPAM's Form ADV Part 2A for information concerning its proxy voting policies. Clients can obtain a copy of the TPAM's proxy voting policies and procedures upon request.

Item 18. Financial Information

HTK does not generally require or solicit prepayment of more than $1,200 in fees per client six months or more in advance. Therefore, HTK has not included a balance sheet of its most recent fiscal year. HTK is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients. HTK has not been the subject of a bankruptcy petition at any time during the past ten (10) years.