Item 1. Cover Page

HTK

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

HTK Wrap Fee Program Brochure

As of March 31, 2022

(Form ADV Part 2A Appendix)

This Wrap Fee Program 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 brochure, please contact us at (800) 873-7637.

The information in this 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 that was previously disclosed on HTK's Form ADV Part 2A brochure, and is now disclosed in this brochure.

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

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Item 4. Services, Fees and Compensation

Our Firm

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 the 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.

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.

Where HTK IARs have full discretionary trading authority, HTK IARs provide ongoing monitoring and will make changes in your account as deemed necessary. For all other advisory accounts, you and your IAR will review your advisory account's objectives, investments and performance relative to your objectives and financial situation at least annually to allow your IAR the opportunity to recommend changing or maintain the objectives or investments in your account.

Our Wrap Fee Programs

A wrap fee program is an investment advisory program in which you pay one bundled fee to compensate HTK and your IAR for their services *and* to pay the transaction and clearing costs associated with transactions in your advisory account. HTK makes available wrap fee programs in addition to the advisory services described in the HTK Advisory Services Form ADV Part 2A ("HTK Disclosure Brochure"). The HTK Disclosure Brochure is a separate document that is provided by your IAR along with this Wrap Fee Program Brochure and the IAR's Brochure Supplement before or at the time you engage with your IAR. If you did not receive one or both of these brochures, please contact your IAR or HTK at (800) 873-7637.

HTK's Wrap Fee Programs offer such securities as mutual funds, stocks, bonds, exchange traded funds ("ETFs"), exchanged traded notes ("ETNs"), real estate investment trusts ("REITs"), unit investment trusts ("UITs"), and options on brokerage platforms. Transactions in each of these securities have trading costs associated with them. The wrap fee is not based directly upon the actual transaction or execution of the transactions in your account. Depending on the underlying investments and amount of transactions you expect to be executed in your account, a wrap fee account may cost you more than if you chose to pay separately for all of your transaction costs (e.g., pay the advisory fee plus all ticket charges).

HTK offers the following wrap fee programs. A more detailed description of each program is provided under the *Description of Wrap Fee Programs* heading below. Information related to fees and compensation for these programs may be found under the *Fees and Compensation* heading.

HTK Wrap Fee Programs*:

1. HTK Advisory Series Programs
   - HTK Professional Asset Management Program ("PAM")
   - HTK IAR as Portfolio Manager ("IAR as PM")
     - HTK Discretionary Asset Management Account ("DMA")
     - HTK Non-discretionary Asset Management Account (Mutual Fund Only) ("NDMA6")
     - HTK Non-discretionary Asset Management Account ("NDMA7")
   - HTK Fee-Based Annuity ("FBA")
2. HTK Asset Management Program ("AMP")
3. HTK Digital Investment Management Program ("Smart Journey")

**Not all wrap fee programs are available to all IARs or all clients, and are subject to change.*

In choosing one or more of the programs 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 his or her recommendations to your needs and objectives. In order for HTK and your IAR to provide appropriate recommendations to you, it is important that you provide accurate and complete responses to the questions asked by the IAR. In addition, you need to inform your IAR and HTK of any changes in your investment objectives, personal circumstances, and any other information, if any, that affects your overall investment goals.

You may have the opportunity to impose reasonable restrictions on the securities purchased or the way your account is managed. You should understand that any restrictions can adversely affect the risk-reward level of a portfolio. Please contact your IAR to discuss any allowable investment and/or account management restrictions allowable in the Wrap Fee Program(s) you have selected. Further details regarding your specific Wrap Fee Program can be found in your investment advisory agreement.

When opening an advisory account with the deposit of securities or the depositing of additional securities into an existing account, you should consider the fees or charges you have already paid in connection with these securities, such as commissions or front-end sales loads on mutual fund shares. You could potentially pay additional charges when depositing securities purchased on a commission basis into an advisory account.

HTK home office and supervisory personnel review, on a periodic basis, client wrap fee program advisory accounts and advisory services to identify situations that may warrant a more detailed review or specific action on behalf of a portfolio of a client. Such reviews include, but are not limited to, suitability, fees, investment results, etc. For the DMA and AMP programs in which HTK and the IAR have been granted discretionary trading authority, HTK also monitors for consistency: namely, that securities holdings are in line with the stated risk tolerance of the client and parameters established by HTK for the AMP and DMA program accounts. If the portfolio allocation is out of variance, the IAR together with the client will review to determine next steps and/or actions needed for the account.

The investment recommendations and advice offered by HTK and its IARs are not legal, tax, or accounting advice. Please consult with your personal attorney, tax professional, or accountant. Unless independent of their relationship with HTK, neither HTK nor its financial professionals are qualified and appropriately licensed to offer legal, tax, or accounting advice.

Description of Wrap Fee Programs and Fees

HTK sponsors and currently offers the following Wrap Fee Programs.

1. HTK Advisory Series Programs

For the HTK Advisory Series programs, HTK entered into an agreement with Envestnet Portfolio Solutions, Inc. ("Envestnet" and/or “Program Provider”), a provider of wealth management software and services to financial advisors. Via this agreement, Envestnet provides technology, operational and administrative support services to HTK in connection with the HTK Advisory Series program accounts. Envestnet assists HTK with a variety of account processing and maintenance duties, including client account initiation and setup, client account trading and processing, custodial reconciliation, and the computation and preparation of client reports. HTK and Envestnet are not affiliated companies.

In some of the Programs, Envestnet serves as a Program Provider and primarily provides operational and administrative services such as performance reports, asset allocation models, website services, client proposals, and fee calculation services. In other Programs, Envestnet Portfolio Solutions, Inc., a wholly owned subsidiary of Envestnet, Inc. and a Registered Investment Advisor (“Envestnet Portfolio Solutions” and/or “Portfolio Manager”), serves as the Portfolio Manager and provides discretionary advice on client accounts.

HTK Professional Asset Management Program (“PAM”)

With the HTK PAM program, in consultation with your IAR, you can select from a variety of institutional asset managers on Envestnet, or create custom solutions by combining multiple managers (strategists or separately managed accounts (“SMAs”)) in a single account. Portfolios offered by HTK for the PAM program are subject to our due diligence process and requirements. Neither HTK nor your IAR performs the ongoing discretionary asset management in your portfolio; this is done by the managers and/or strategists selected by you and your IAR within your PAM advisory account(s). IARs may be either Series 6 or 7 securities registered.

There are two options available within the PAM program: Multi-Manager and Single Strategist. The Single Strategist option also includes portfolios from the PMC Foundations series. These portfolios are a component of Envestnet and PMC’s wealth advisory offerings for clients with smaller account balances. Please refer to the chart immediately below for further information.

	PAM: Multi-manager		PAM: Single strategist
	Multi-strategist	Separately managed accounts (“SMAs”)**	
Custodian	Pershing, LLC	Pershing, LLC	Pershing, LLC
Investment options	Mutual funds and/or ETFs	Mutual funds, ETFs and/or general securities	Mutual funds and/or ETFs
Minimum investment	$50,000	Dependent on investment manager	$25,000-$50,000 $5,000 for PMC Foundation portfolios
Program summary	Receive access to a variety of fund strategists in a single account. Each strategist offers a series of risk-based asset allocation mutual fund and/or ETF models (“Fund Strategist Portfolios”) to manage clients’ accounts based on their investment objective and risk tolerance.	Receive access to a variety of specialized institutional asset managers that provide clients with customized investment portfolios built to meet their needs and objectives. Benefits may include individual security ownership, ease of portability with in-kind transfers, and tax benefits.	Select a single strategist for a single account. Each strategist is responsible for selecting both the asset allocation and underlying investments for their respective model portfolios (“Fund Strategist Portfolios”)**. PMC Foundation portfolios is a small account solution within the single strategist PAM program.
Rebalancing	Client and IAR need to rebalance the account as needed to maintain the overall risk objective, but each strategist or SMA investment manager will automatically rebalance their portion of the client’s account.		Client accounts are rebalanced automatically by the strategist, along with any changes to the underlying holdings and/or allocations.
Quarterly performance reports	Provided Comprehensive performance is reported both for the combined portfolio and for each individual investment sleeve.		Provided
Tax or impact overlay services***	Both services available (for additional fee)		Tax overlay services available (for additional fee)

*Separately Managed Account (“SMA”): SMAs available in the PAM program will invest primarily in individual stocks or bonds. At least 75% of either the assets or number of underlying investment vehicle types will be invested directly in stocks or bonds. These products primarily will represent a portfolio manager’s representation of a single investment style, rather than reflect a diversified portfolio across multiple asset classes.

**Fund Strategist Portfolios (“FSPs”): FSPs available in the PAM program hold at least 75% mutual fund and/or ETFs, and are allocated among multiple asset classes. ETFs may consist of Exchange-Traded Notes (ETNs). These products primarily will represent a portfolio manager’s view on asset allocation for a total portfolio solution.

***Tax and/or Impact Overlay Services Fees: These services are optional and can be applied to either PAM strategist and/or SMA accounts. For the tax overlay service, this can be implemented for specific tax constraints (SMAs) or a specific tax sensitivity (PAM Strategist) for the managed account without causing material performance deviation on an after-tax basis, versus the selected product or target model. The impact overlay service can be implemented to align clients' values with their investments to minimize exposure to companies or industries whose business practices conflict with their personal convictions and/or for integrating ESG (environmental, social and governance) factors into investment decisions.

<u>HTK IAR as Portfolio Manager ("IAR as PM")</u>
With the HTK IAR as PM program, your IAR may manage your assets on either a discretionary (*limited to only those IARs who are approved by HTK for the DMA program*) or non-discretionary basis, and create custom asset allocation models to meet your individual needs.

There are three options available within the IAR as PM program: Non-discretionary Asset Management Account (NDMA-6)-Mutual Fund Only; Non-Discretionary Asset Management Account (NDMA7); and Discretionary Asset Management Account (DMA). Please refer to the chart immediately below for further information.

	IAR as PM: Non-Discretionary Asset Management Account (NDMA6) Mutual Fund Only formally known as Fund Select Account (FSA)	IAR as PM: Non-Discretionary Asset Management Account (NDMA7) formally known as Unified Managed Account (UMA)	IAR as PM: Discretionary Asset Management Account (DMA)* *HTK preapproval required*
Type	Non-discretionary (IAR- and client-directed)	Non-discretionary (IAR- and client-directed)	Discretionary (only IAR directed)
Custodian	Pershing, LLC	Pershing, LLC	Pershing, LLC
IAR required securities licensing	Series 6	Series 7	Series 7 and HTK preapproval required
Minimum investment	$75,000		
Minimum client fee	$160		
Account linking	Yes, for breakpoints and to meet minimum account size. Each linked account must be >$25,000		
Investment options	Mutual funds only	Mutual funds, ETFs and/or general securities	Mutual funds, ETFs and/or general securities
Program summary	Both the client and IAR manage the account in a consultative approach by choosing a portfolio of specific mutual funds (with limitations) based on the client's investment	Both the client and IAR manage the account in a consultative approach by using flexible portfolio modeling and investment selections based on the client's investment objective and risk tolerance.	Client grants HTK and IAR discretionary authority to provide the following services without prior consultation with the client: (1) purchase, exchange, sell and trade securities in the account; (2) reallocate the securities in the account, and (3) provide periodic rebalancing so that the allocation of the assets remains consistent, within certain

	objective and risk tolerance.		parameters, with the client's identified risk level. Clients may also impose reasonable restrictions on the management of the account by notifying HTK in writing.
Rebalancing	Client and IAR rebalance the account as needed to maintain the selected risk objective.	Client and IAR rebalance the account as needed to maintain the selected risk objective.	IAR rebalances the account as needed to maintain the selected risk objective.
Quarterly performance reports	Included		

*__HTK DMA Program__: DMA currently offers seven risk levels: Capital Preservation, Conservative, Conservative Growth, Moderate, Moderate Growth, Growth, and Aggressive Growth. Model asset allocations for the recommended risk level are provided to the client's IAR, based on historical risk and return characteristics. The IAR can use the model asset allocation or another allocation, so long as the other allocation falls within the client's risk tolerance band. DMA accounts are not permitted to use margin. Envestnet provides HTK with the platform technology and support including template asset allocation models and underlying investment research on mutual funds and ETFs. IARs use Envestnet and other firms' investment research and screening tools to make securities recommendations to clients. IARs will use an array of investment methodologies to provide advice to clients, and different clients whose accounts are in the same risk level can hold different securities in their accounts and have different performance from one another.

In addition to the market fluctuations typical with investing, the client's performance in DMA will depend significantly on the IAR's ability to determine an asset allocation and select securities. When appropriate, trades for this program will be aggregated (combined) when trading the same security across client accounts for the same IAR. This is to ensure clients of the same IAR receive the same price for a particular security and in fulfillment of HTK's duty to seek the best execution for its clients.

<u>HTK Fee-Based Annuity Platform ("FBA")</u>

HTK's Fee Based Annuity platform partners with Fidx/Envestnet to provide HTK IARs a program to integrate insurance and protection strategies alongside investments. It offers a suite of fee-based annuities from a variety of insurance carriers. With the FBA program, you, in consultation with your IAR, have the ability to invest in annuities that are designed to be held in a fee based advisory account. Through the FBA program, your IAR will recommend an annuity with an investment allocation in the sub-accounts along with any additional features and/or benefits made available in the annuity contract based on your risk profile, goals and/or objectives. HTK and the IAR will not have discretionary authority and you will have the ability to make all investment decisions. You and your IAR should discuss the timing and frequency of rebalancing the sub-accounts, if applicable, to maintain the asset allocation model. The minimum account size for the FBA program is generally $10,000.

A variable annuity's ("VA") performance is based on its underlying sub-accounts. You will select which sub-accounts to invest in. Any benefits or guarantees available under the VA contract are subject to the claims paying ability of the insurance company issuing the contract. Optional benefits may incur additional charges and are subject to qualification or may not be available. You should carefully consider the investment objectives, risks, charges and expenses of the VA and the underlying fund options carefully before investing. Please refer to the applicable VA illustration, if available, the VA prospectus, and prospectuses for the underlying sub-accounts. Carefully read all materials carefully before making a purchase.

You should be aware that the underlying sub-accounts cannot be purchased directly and that there may be limitations to the timing or frequency of reallocations between sub-accounts. Any and all annuities offered through HTK FBA are fee-based. No commission-based annuities are included.

2. HTK AMP

HTK AMP is a legacy asset management program utilizing stocks, bonds, mutual funds without a sales charge ("no load" or "load waived"), ETFs options and UITs. Only certain HTK IARs have been grandfathered and permitted to continue to open new advisory accounts within HTK AMP so it is not available to all clients.

With HTK AMP, your IAR may manage your assets on either a discretionary (*limited to only mutual funds for those IARs who have been approved by HTK*) or non-discretionary basis, and create custom asset allocation models to meet your individual needs. Please refer to your investment advisory agreement for account management terms and conditions (e.g. discretionary or non-discretionary). Your IAR will collect certain financial information from you, including your experience with investing, financial information, and risk tolerance. This information is used to create a personalized investment strategy and risk profile that seeks to meet your personal goals and objectives. A consultative approach is used in the selection of securities that make up both the initial investments and any ongoing rebalancing and reallocations needed within the account. Based on the information gathered during the profiling process, you and your IAR choose both the asset allocation strategy and select the securities to complete the portfolio allocation. Your IAR assists you regarding all investment decisions for HTK AMP and you agree to furnish to HTK and the IAR any information that might change the recommendations. You will receive a quarterly performance report for your AMP account(s).

Limited Discretion in AMP-Mutual Fund Only: IARs will use an array of investment methodologies to provide advice to clients, and different clients whose accounts are in the same risk level can hold different securities in their accounts and have different performance from one another. The client's performance in an AMP limited discretionary authority advisory account will depend significantly on the experience of the IAR and their ability to determine an asset allocation and select securities.

3. HTK Digital Investment Management Program ("Smart Journey")

Smart Journey is an HTK branded wrap fee program administered by Betterment LLC ("Betterment"), an SEC registered investment adviser, unaffiliated with HTK. In its relationship with Betterment, HTK also serves as a registered investment adviser. Betterment provides you discretionary, managed account services as Smart Journey's Sub-Adviser. Neither HTK nor your IAR performs the ongoing discretionary asset management in your portfolio; this is done by Betterment. Using exchange traded funds (ETFs) as a primary investment vehicle, Betterment employs a strategic asset allocation methodology to invest client assets. HTK performs due diligence on portfolios offered by Betterment through the Smart Journey program.

HTK, through your IAR, is responsible to work with you to collect all necessary information and documentation utilizing Betterment's internet-based platform (*inclusive of any reasonable restrictions permitted that you may wish to impose on the management of your account*) to assist you in selecting the appropriate investment strategy offered within the Smart Journey program, and to answer any questions you may have about the money manager or the managed portfolio. You then deposit funds or other assets in an appropriate account with Betterment and thereafter your funds will be invested according to your selected investment objectives and/or as recommended by a portfolio manager available within the Smart Journey program. HTK IARs will monitor the performance of your account and, as agreed upon with you, but no less than annually, will review your financial situation and objectives; communicate information to Betterment; and assist you in understanding and evaluating the services provided by Betterment.

Betterment Securities, a broker-dealer that is an affiliate of Betterment, is the broker-dealer and custodian for your account(s) in the Smart Journey program. Betterment's website is the primary access point for your account(s) and it is important to understand that their website has, in the past, been inaccessible for brief periods of time during extreme market volatility. You should carefully review additional information about Betterment and the wrap fee program offered as part of Betterment's *"Third Party Advised Clients" ("Betterment for Advisors")* institutional platform which is found in Betterment's Form ADV Part 2A, Appendix 1 (Wrap Fee Brochure Supplement).

Fees and Compensation

A wrap fee program is an investment advisory program in which you pay one bundled fee ("wrap fee") to compensate HTK and your IAR for their services *and* to pay the transaction and clearing costs associated with transactions in your advisory account. You should understand that when opening a Wrap Fee Program account(s) with HTK there are additional fees and/or charges that may be imposed by the custodian. These fees and charges will include standard account administrative fees such as electronic fund and wire transfer charges, annual IRA custodial fees, termination fees, and other miscellaneous charges incurred in the normal course of business.

You may pay more or less for advisory services, execution of transactions, custody, and reporting than other advisory programs offered by HTK or other investment advisers, or if investment advisory, execution, custody and reporting services were purchased separately. The factors that bear upon the relative costs of any advisory program include, but are not limited to, the number of and timing of transactions, types of security purchased or sold, advisory fees, custody charges, administrative charges, research costs, and promotion material costs. These and other factors affect the cost of obtaining these services separately.

1. HTK Advisory Series Programs

Wrap Fee schedule for PAM Programs; Multi-manager and Single Strategist (excluding PMC Foundations portfolios)

The Total Maximum Wrap Fee is comprised of the Program (Sponsor) Fee plus the IAR fee that you and your IAR agree upon plus Manager Fee (*e.g. the fee assessed by any strategist or SMA investment manager*) plus any Tax and/or Impact Overlay Services Fees). Please also refer to your HTK investment advisory agreement for further details.

The Program (Sponsor) Fee includes all the Envestnet services provided, such as the proposal generation platform, research and analytical tools for the investment solutions, ongoing monitoring of accounts, billing, and performance reporting (on demand and quarterly). This fee also includes all the Pershing trading costs and custody services. HTK receives the Program Fee paid by you.

The Manager Fee will only apply when using PAM strategist and/or SMA investment managers. For the PAM strategists, it covers the investment management of the model portfolio, which is separate from the mutual fund/ETF expenses of the underlying holdings. For the SMAs, it covers the management of the portfolio. Also, this fees includes the data integration and ongoing research provided by Envestnet through the platform.

Tax and/or Impact Overlay Services Fees: These services are optional and can be applied to either PAM strategist and/or SMA accounts. Please consult with your IAR as to whether these services may be appropriate based on your individual needs. Tax and/or Impact Overlay Service Fees generally start at 0.10% and may be less dependent on total PAM and/or SMA account asset values. These services are provided by Envestnet.

PAM Account Fee Schedule		
Account Size/Tiers Level begin to level end*	Program (Sponsor) fee	Total Maximum Wrap Fee
$0 to $100,000	0.23%	2.50%
$100,000 to $250,000	0.23%	2.35%
$250,000 to $500,000	0.23%	2.20%
$500,000 to $1,000,000	0.22%	2.05%
$1,000,000 to $2,500,000	0.21%	1.95%
$2,500,000 to $5,000,000	0.20%	1.90%
$5,000,000 to $10,000,000	0.19%	1.80%
$10,000,000 to $25,000,000	0.18%	1.75%
$25,000,000 to $50,000,000	0.17%	1.75%
$50,000,000 +	0.16%	1.75%
Annual minimum client fee**	$200	

*Clients should consult with their IAR to determine if they are receiving all eligible fee breakpoints. Retroactive basis-fee charged based on cumulative assets. Each breakpoint will be reached with the next additional dollar.

**The annual minimum client fee is assessed when the calculated quarterly advisory fee falls below this minimum fee. This fee is charged on each client account or all accounts in the aggregate if accounts are linked.

Wrap Fee schedule for PAM: Single Strategist - PMC Foundations portfolios:

The Total Maximum Wrap Fee is comprised of the Program (Sponsor) Fee plus the IAR fee that you and your IAR agree upon. Please also refer to your HTK investment advisory agreement for further details.

The Program (Sponsor) Fee includes all the Envestnet services provided, such as the proposal generation platform, research and analytical tools for the investment solutions, ongoing monitoring of accounts, billing, and performance reporting (on demand and quarterly). This fee also includes all the Pershing trading costs and custody services. HTK receives the Program Fee paid by you.

PAM-Single Strategist/PMC Foundations Fee Schedule		
Account Size/Tiers Level begin to level end	Program fee	Total Maximum Wrap Fee
$0 to $100,000	0.30%	1.75%
$100,000 to $250,000		1.60%
$250,000 to $500,000		1.45%
$500,000 to $1,000,000		1.30%
$1,000,000 to $2,500,000		1.20%
$2,500,000 to $5,000,000		1.15%
$5,000,000 to $10,000,000		1.05%
$10,000,000 +		1.00%
Annual minimum fee*	$40	

* The annual minimum client fee is assessed when the calculated quarterly advisory fee falls below this minimum fee. This fee is charged on each client account or all accounts in the aggregate if accounts are linked.

Certain Strategists pursue an investment strategy that uses underlying mutual funds or ETFs advised by the Strategist or its affiliate(s) ("Proprietary Funds"). In these situations, the Strategist or its affiliate(s) will receive fees from the Proprietary Funds for serving as investment advisor or other service provider to the Proprietary Fund, as detailed in the Proprietary Fund's prospectus. These fees will be in addition to the model provider fees that a Strategist receives in PAM and they create a financial incentive for the Strategist to use Proprietary Funds. Clients should discuss any questions with or request further information from their IAR concerning the use of Proprietary Funds in model portfolios or the conflict of interest this creates.

Wrap Fee schedule for IAR as PM Program:

The Total Maximum Wrap Fee is comprised of the Program (Sponsor) Fee plus the IAR fee that you and your IAR agree upon. Please also refer to your HTK investment advisory agreement for further details.

The Program (Sponsor) Fee includes all the Envestnet services provided, such as the proposal generation platform, research and analytical tools for the investment solutions, ongoing monitoring, billing, and performance reporting (on demand and quarterly). This fee also includes all the Pershing trading costs and custody services. HTK receives the Program Fee paid by you.

IAR as PM Program Fee Schedule		
Account Size/Tiers* Level begin to level end	Program Fee	Total Maximum Wrap Fee
$0 to $100,000	0.13%	1.75%
$100,000 to $250,000	0.13%	1.60%
$250,000 to $500,000	0.13%	1.45%
$500,000 to $1,000,000	0.12%	1.30%
$1,000,000 to $2,500,000	0.11%	1.20%
$2,500,000 to $5,000,000	0.10%	1.15%
$5,000,000 to $10,000,000	0.08%	1.05%
$10,000,000 to $25,000,000	0.06%	1.00%
$25,000,000 to $50,000,000	0.05%	1.00%
$50,000,000 +	0.04%	1.00%
Annual minimum client fee**	$160	

*Clients should consult with their IAR to determine if they are receiving all eligible fee breakpoints. Retroactive basis-fee charged based on cumulative assets. Each breakpoint will be reached with the next additional dollar.

** The annual minimum client fee is assessed when the calculated quarterly advisory fee falls below this minimum fee. This fee is charged on each client account or all accounts in the aggregate if accounts are linked.

Please find below additional information about fees and billing for the HTK Advisory Series Programs.

- Initial fees are charged on the date the assets fund the account (inception date) and are based on the asset value on that date. This fee is charged in advance and will cover the period from the inception date through the last day of the billing quarter and will be pro-rated accordingly. Pro-rata fees are processed monthly.

- Quarterly fees are deducted from your account on a quarterly basis in advance of the quarter, in accordance with your investment advisory agreement. The quarterly fee is based on the average daily balance of the account during the previous quarter. The quarterly advisory fees are processed in January, April, July and October.
- All trading fees (ticket charges) are included in the Program Fee.
- All 12b-1 payments (if any) that are associated with mutual funds in HTK Advisory Series accounts are credited back to you. You will see these payments periodically on your statements when Pershing receives them from the mutual fund companies.
- All C-share mutual funds can be held as an accommodation in the IAR as PM program. However, these positions must be excluded from billing in the proposal so no fees will be assessed on them.

Your HTK Investment Advisory Agreement for any Wrap Fee programs that you may be invested can be terminated by either party upon written notice to the other party. If a Program Account is to be liquidated as the result of a termination notice, a reasonable timeframe may be required in order to liquidate assets. You will receive a pro-rated refund of any quarterly advisory fees assessed, based upon the number of days remaining in the quarter, after the termination date. Subject to the payment of any outstanding fees, proceeds will be payable to you within sixty (60) days of liquidation. Termination of the Agreement will not affect the liabilities or obligations of the parties arising from transactions initiated prior to termination.

2. HTK Fee Based Annuity Platform (“FBA”)

Variable annuities include separate layers of fees. These include fees charged by or through the insurance company at the "contract level," as well as, fees associated with the underlying insurance products. Please refer to the prospectus for important information about the product and for detailed information about your specific variable annuity. For information related to fee charged by HTK, please refer to the chart immediately below.

Fee Based Annuity Platform Fee Schedule		
Account Size/Tiers Level begin to level end	Client Min. Fee	Client Max. Fee
$0 to $100,000	0.50 %	1.75%
$100,000 to $250,000	0.50 %	1.60%
$250,000 to $500,000	0.50 %	1.45%
$500,000 to $1,000,000	0.50 %	1.30%
$1,000,000 to $2,500,000	0.45 %	1.20%
$2,500,000 to $5,000,000	0.40%	1.15%
$5,000,000 to $7,500,000	0.40%	1.05%
Annual minimum client fee*	$250	

*The annual minimum client fee is assessed when the calculated quarterly advisory fee falls below this minimum fee. This fee is charged on each client account.

3. HTK AMP

HTK AMP is a legacy asset management program utilizing stocks, bonds, mutual funds without a sales charge (“no load” or “load waived”), ETFs, options, and UITs. Only certain HTK IARs have been grandfathered and permitted to continue to open new advisory accounts within the HTK AMP Program so it is not available to all clients.

The Total Maximum Wrap Fee is comprised of the Program (Sponsor) Fee plus the IAR fee that you and your IAR agree upon. Please also refer to your HTK investment advisory agreement for further details.

The Program (Sponsor) Fee includes advice, management, and monitoring services provided in connection with HTK AMP accounts. Pershing, LLC (the clearing broker-dealer for AMP) also receives a portion of the Wrap Fee for providing trading costs, client billing and performance reporting. Envestnet receives a portion of the Wrap Fee for providing monitoring services for HTK AMP accounts. HTK entered into a separate arrangement with Envestnet in order to provide account variance monitoring for AMP accounts held directly on Pershing, LLC's managed account platform.

HTK AMP Fee Schedule		
Account Size/Tiers* Level begin to level end	Program Fee	Total Maximum Wrap Fee
$0 to $100,000	0.10 %	1.75%
$100,000 to $250,000	0.10 %	1.60%
$250,000 to $500,000	0.09 %	1.45%
$500,000 to $1,000,000	0.07 %	1.30%
$1,000,000 to $2,500,000	0.05 %	1.20%
$2,500,000 to $5,000,000	0.04%	1.10%
$5,000,000 to $7,500,000	0.04%	1.00%
$7,500,00 to 10,000,000	0.04%	0.90%
$10,000,000 and above	0.04%	Negotiable not to exceed 1.75%
Annual minimum client fee**	$140	

*Clients should consult with their IAR to determine if they are receiving all eligible fee breakpoints. Retroactive basis-fee charged based on cumulative assets. Each breakpoint will be reached with the next additional dollar.

**The annual minimum client fee is assessed when the calculated quarterly advisory fee falls below this minimum fee. This fee is charged on each client account.

The Wrap Fee is payable quarterly in advance. The initial quarterly fee is based on the initial account balance and prorated for the number of days remaining in the quarter, if applicable. All ongoing quarterly fees are based on the Account value as of the last day of the previous calendar quarter. Quarterly fees are adjusted for any withdrawals and/or deposits of $5,000 or more that occurred within the account during the previous quarter.

4. HTK Smart Journey

For HTK Smart Journey Program, HTK may charge a fee up to 1.00 percent of your account's value. A portion of this fee is paid to your IAR. This fee does include Betterment's program fee. For further details, please see Betterment's Form ADV Part 2A, Appendix 1 (Wrap Fee Brochure Supplement), investment advisory agreement and account opening documents. Each of our IARs negotiates their own management fee schedule, however Betterment's management fee charged in connection with their services are disclosed in Betterment's advisory agreement.

The Total Maximum Wrap Fee of 1.00% is comprised of a flat Program (Sponsor) Fee of 0.25% plus the IAR fee that you and your IAR agree upon. Please also refer to your HTK investment advisory agreement for further details. HTK and your IAR split the IAR fee portion of the Wrap Fee in accordance with HTK's agreement with your IAR.

The Program (Sponsor Fee) includes all the Betterment services provided, ongoing monitoring, billing, and performance reporting (on demand and quarterly). This fee also includes all the Betterment trading costs and custody services.

The Investment Advisory Agreement can be terminated by either party upon written notice to the other party. If a Program Account is to be liquidated as the result of a termination notice, a reasonable timeframe may be required in order to liquidate assets. Clients will receive a pro-rated refund of any quarterly advisory fees assessed, based upon the number of days remaining in the quarter after the termination date. Subject to the payment of any outstanding fees, proceeds will be payable to the client within sixty (60) days of liquidation. Termination of the Agreement will not affect the liabilities or obligations of the parties arising from transactions initiated prior to termination.

Investments in Funds

Clients should be aware that when assets are invested in shares of mutual funds, ETFs, closed-end funds, UITs, or other pooled investment vehicles, the client will pay both the direct management fees to HTK for its services in connection with these investments and, indirectly, the client's pro-rata share of any internal management fees or expenses related to owning those investments. The client has the ability to invest directly in these securities without incurring the fees charged by HTK. An 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.

In addition, there can be tax consequences for fund share redemptions made by or on behalf of clients, as well as deferred sales charges or redemption fees. Short-term redemption fees can be applied if a fund has been held for less than three
(3) months.

Investments in Insurance Products

The advisory fees payable to HTK are separate from additional fees which are payable to the insurance carrier or pursuant to the terms governing the insurance products. HTK reserves the right to pass on to the client all fees and other charges imposed by the carrier, the insurance products and/or any related transactions in connection with the client's account. Please consult the prospectus, insurance contract, and any related fee schedules provided by the carrier for the respective insurance products for more information regarding their fees.

Compensation for Recommending the Wrap Fee Program

HTK and the IAR receive compensation as a result of recommending the your participation in any of HTK's Wrap Fee programs. The amount of this compensation is more or less than what the you would pay if the you participated in other HTK programs or paid separately for investment advice, brokerage, and other services. Therefore, there is a financial incentive for the IAR to recommend a HTK Wrap Fee Program over other programs or services offered by HTK.

Performance-Based Fees and Side-by-Side Management

HTK and our IARs do not receive performance-based fees. A performance-based fee is an advisory fee that compensates the advisor for the advisor's success in managing his client's money 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 5. Account Requirements and Types of Clients

HTK primarily serves in its Wrap Fee programs 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 in limited circumstances 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 Wrap Fee programs. Please consult with your IAR or your employer to determine if your assets are eligible to invest.

Account minimums range from as low as $10 for certain portfolios available in Smart Journey to over $100,000 for certain SMAs made available within PAM Multi-Manager program. Please see Item 4. Wrap Fee Program Descriptions for further information as well as refer to the disclosure documents of the applicable strategist and/or SMA investment manager for more detailed information regarding account minimums and other conditions. Clients retain all indicia of ownership of the cash and securities in the account. HTK reserves the right to terminate the client agreement at any time portfolio assets are less than $10,000.

Item 6. Portfolio Manager Selection and Evaluation

Portfolio Manager Selection

For the PAM program, clients should refer to the Portfolio Manager's and/or Strategist's Disclosure Brochure to obtain more detailed information regarding the criteria used for selecting investments. For the PAM program, HTK uses a multi- step approach designed to identify and monitor the third party strategists that are made available on the PAM program. IAR's will assist clients in the selection of one or more strategists models based on what the IAR believes is consistent with the clients risk tolerance and investment objectives. Through HTK's relationship with Envestnet, HTK relies primarily on Envestnet (EPS) to identify prospective third party strategists and to perform due diligence on such strategists that may be selected in the PAM Program. Strategists are typically evaluated based on data and information from various third- party sources, such as independent databases, and from the particular strategist. Among the information collected and analyzed are historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes. To the extent Envestnet has not performed the research and due diligence on a manager, HTK will review the third party through HTK's internal due diligence process. Managers are typically evaluated based on data and information from various third-party sources, such as independent databases, and from the particular manager. Among other things, our process entails examining items such as the disclosure Brochure on Form ADV, Part 2A of the manager, any applicable offering document, performance reports and other information as deemed necessary to help determine the third party's investment strategy.

For the AMP, NDMA6, NDMA7 and FBA programs, the client appoints the IAR to act as the non-discretionary portfolio manager for the client's account. The IAR will consult with and obtain the client's approval prior to the purchase or sale of any security in the account. For the DMA program, the IAR will select securities on a discretionary basis that are consistent with the account's risk level and with any reasonable restrictions the client has placed on the account. HTK limits the DMA program to IARs that meet certain eligibility requirements that are typically based on the IAR's qualifications and/or years of experience.

Securities recommendations made to clients are based upon the investment objectives and needs of the client and executed in a non-discretionary capacity for clients participating in the AMP, NDMA6, NDMA7, and FBA programs. As already noted, the DMA program allows purchases by the IAR on a discretionary basis. For the NDMA6 program, the securities recommended and held are limited to mutual funds and these are the only securities allowed for this program. For the AMP, NDMA7 and DMA programs, the securities available for investing are broader and include equity securities, fixed income securities, UITs, open-end and closed-end mutual funds, and ETFs.

HTK reviews the services performed by the IAR. HTK monitors for consistency: Namely, that services provided by the IAR with program parameters and the policies and procedures of HTK. If your IAR leaves HTK, HTK will notify you in writing of the termination of your HTK investment advisory agreement and remove your account from any further advisory billing. Your account will remain with HTK as a brokerage account custodied with Pershing, LLC (or in the instance of Smart Journey your account will become a

Betterment, LLC brokerage account) and will no longer receive any further management by HTK unless a new HTK IAR is appointed to your account and a new HTK investment advisory agreement is executed.

Investment Strategies

IARs use various methods to determine an appropriate investment strategy for the client's portfolio. During the initial and subsequent meetings with the client, the IAR will discuss the methods used to develop the investment strategy. 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 serve as a basis for the investment advice given to clients (or for securities purchased in DMA) which includes, but not limited to, long term purchases (securities held at least a year); short term purchases (securities sold within a year); and option writing (primarily, including covered options strategies).

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

HTK and 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 are permitted to develop asset allocation models or use others from outside independent sources. 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 among clients and IARs.

Risk of Loss

Investing in the securities market involves investment risk including the possible loss of the principal amount invested. Neither HTK nor 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, ETFs, and Separately Managed Accounts (SMAs) generally own securities and therefore involve 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 investment. These investments 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 also 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 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 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 may 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.

SMAs share the same inherent investment risks as mutual funds and ETFs and their respective values will fluctuate based on the aggregate value of the investments held within account. Additionally, because the individual account manager has the ability to make decisions at the account level, such as timing for buying and selling shares, dividend reinvestment, distributions, performance can vary between accounts. Clients who invest into SMAs should also be aware that performance is traditionally shown gross of fees – meaning transaction fees but not management fees are not deducted from the gross rate of return.

Although many mutual funds, ETFs and SMAs provide diversification, risks can be significantly increased if the investment 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 these investments 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 is not 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.

The following events also could cause mutual funds, ETFs, SMAs, 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.

Past performance of an investment is not indicative of future performance or risk of loss.

Cybersecurity

The computer systems, networks and devices used by HTK, the IARs and 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 can be incurred by these entities in order to prevent any cybersecurity breaches in the future.

Voting Client Securities

For the PAM program, clients should refer to the Portfolio Manager's Form ADV Part 2A for complete information on their proxy voting policies. In addition, clients can also obtain a copy of the Portfolio Manager's proxy voting policies and procedures upon their request.

For all other HTK sponsored program accounts, HTK and 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, we send, or will cause to be sent, all such proxy and legal proceedings information and documents they receive to the client in order to allow the client to take whatever action the client deems advisable under the circumstances.

Item 7. Client Information Provided to Portfolio Managers

HTK provides initial and updated client information to the Program Provider and Portfolio Manager for clients participating in the PAM program. In addition, the IAR periodically provides updated client information to the Portfolio Manager in the event there are changes to the client's financial circumstances, investment objectives and/or any other information used in the management of client assets. For the AMP, NDMA6, NDMA7 and DMA programs, IARs also periodically meet with clients to discuss their account(s), performance, financial situation, investment objectives, etc. If needed, the IAR and client will complete the documents required to update the information on file used to manage client assets.

This process ensures the portfolio management services offered by the IAR and HTK continue to be provided in manner consistent with the client's current financial situation and/or investment objectives.

Item 8. Client Contact with Portfolio Managers

There are no limits on the client's ability to contact their IAR or, in the PAM program, to contact Portfolio Manager staff who are knowledgeable about the client's account.

Item 9. Additional Information

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 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.

IARs are licensed insurance agents affiliated with Penn Mutual Insurance Company. When acting as an insurance agent, an IAR offers/sells insurance products issued and distributed by either or both Penn

Mutual or Penn Insurance and Annuity Company, an affiliate of Penn Mutual. 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 IAR for providing investment advisory services. These compensation arrangements present an incentive for the IAR to recommend products offered by these affiliated companies. When acting as an insurance agent an HTK representative is not precluded from offering life insurance products from an unaffiliated life insurance company.

In addition, advice offered to an advisory client is provided in the form of a recommendation that a client may or may not choose to implement. The client is under no obligation to use HTK or its representatives to implement the recommendations made in a brokerage and/or insurance capacity. If the client chooses to implement securities transactions through HTK, there is a potential conflict of interest since HTK and it representatives receive commissions for the execution of transactions. HTK addresses this conflict through this disclosure and by advising clients here that clients are under no obligation to purchase insurance products through any person affiliated with HTK.

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 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, nor is it part of any Advisory Program or Advisory Service. 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.

<u>Code of Ethics Participation or Interest in Client Transactions and Personal Trading</u>

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.

Review of Accounts

Generally, the IAR conducts an initial meeting with the client to determine investment objectives and risk tolerance and to ensure the services and advice provided are in agreement with the client's investment needs and current financial situation.

Program accounts are reviewed regularly by the IAR. The client and IAR will also periodically review the account and discuss the Account's performance, current investment holdings, and the client's current circumstances. Once an advisory relationship is established, clients can contact their IAR on an "as needed" basis to discuss their Account. At least annually, IARs seek to meet with their clients to review suitability information, investment instructions, and other information. The client and the IAR, together, assess the client's current financial situation to determine whether changes in their objective(s) warrant a change in how assets are managed.

Program accounts are reviewed quarterly by HTK's Supervision Team to ensure portfolio management services and investment holdings are consistent with the stated objectives of the client. HTK and IARs are responsible for monitoring the account to ensure that the account and its underlying holdings are consistent with the model selected and the stated risk tolerance and objectives for the account. On a quarterly basis, HTK will notify IARs regarding variance issues. Upon notification, IARs must review and contact clients to make adjustments, if needed, to bring the account back into concurrence.

Client Reports

Clients receive trade confirmations, monthly brokerage statements and quarterly performance reports from HTK. Clients can contact their IAR at any time to discuss their account, financial situation, or investment needs.

For all Programs, a statement is delivered detailing portfolio holdings and market prices, all transactions, performance data and fee billing information from the clearing firm. If a transaction occurs during the month, the client is sent a statement. All accounts, regardless of whether or not there has been activity, receive a statement summarizing all holdings at least quarterly. Pershing, HTK's clearing firm, provides trade confirmations for each security transaction placed in the account.

Clients receive an annual tax reporting statement in connection with the client's participation in HTK's Advisory Series program accounts held with Pershing. In addition, performance reports are delivered on a quarterly basis for Advisory Series program accounts to assist the client and IAR in reviewing their account(s).

Other Compensation

Revenue Sharing and 12b-1 Fees Received from Mutual Fund Advisers and Distributors

HTK receives compensation from the advisers or distributors of mutual funds when it invests client assets in the funds. For mutual funds that have Rule 12b-1 distribution plans, funds pay distributors under such plans, and distributors share such payments (called "12b-1 fees") with HTK. A mutual fund's 12b-1 distribution plan is typically disclosed in the applicable fund's registration statement.

HTK receives 12b-1 fees from load and no-load mutual funds that pay distribution fees. These fees come from fund assets and, consequently, indirectly from client assets. HTK's receipt of 12b-1 fees presents a conflict of interest between HTK and its clients as the firm has a financial incentive to invest client assets in mutual funds that pay HTK 12b-1 fees, preferring these to funds that have no such fees or that have lower fees. HTK addresses this conflict through this disclosure and by automatically crediting to client accounts all 12b-1 fees generated by mutual funds owned by HTK clients in its Wrap Fee Programs outside of the Pershing cash sweep program.

Mutual funds, including money market funds, generally offer multiple share classes available for investment based upon certain eligibility and/or purchase requirements. For instance, in addition to retail share classes (typically referred to as class A, class B, and class C shares), mutual funds also offer institutional share classes or other share classes that are specifically designed for purchase by investors who meet certain specified eligibility criteria. Requirements may include considerations, such as, minimum dollar amount thresholds or advisory program eligibility. Institutional share classes typically have a lower expense ratio than other share classes and do not pay 12b-1 fees. Clients who are invested in mutual funds that pay 12b-1 fees will pay more in expenses and over time likely will have lower returns than clients who are invested in mutual funds that have similar investment strategies and holdings, but do not pay 12b-1 fees. HTK has a financial incentive to recommend or select share classes that have higher expense ratios, including 12b-1 fees, because such share classes can generally result in higher compensation to HTK. HTK addresses this conflict of interest by: automatically crediting to client accounts all 12b-1 fees paid to HTK (outside of the Pershing cash sweep program), that are attributable to mutual fund holdings in accounts within HTK's Advisory Series Program; disclosing the conflict presented; providing its IARs with training and guidance and supervising its IARs on this issue. Regardless of such considerations, HTK clients should not assume that they will be invested in the share class with the lowest possible expense ratio or one that does not pay 12b-1 fees.

Pershing, LLC

HTK receives revenue sharing payments from Pershing, the broker-dealer and custodian that provides clearing and custodial services to HTK clients. These revenue sharing payments include 12b-1 fees paid to Pershing from mutual fund advisers, distributors, and distribution assistance programs.

A cash sweep is a process that automatically transfers ("sweeps") uninvested cash balances in eligible accounts, including cash balances derived from the sale of securities, dividend payments, interest credited from bonds, and cash deposits into a money market fund. Pershing receives revenue, which it terms "distribution assistance," from the cash sweep money market fund options available in HTK Advisory Series Program and shares that revenue with HTK. A part of this revenue includes Rule 12b-1 fees. To the extent that the revenue Pershing shares with HTK includes proceeds related to these 12b-1 fees, these payments are not credited back to client accounts in the Advisory Series Program.

HTK's receipt of distribution assistance revenue from Pershing as part of the revenue sharing payments presents a conflict of interest for HTK when recommending that clients utilize and enter into the automatic cash sweep program. When choosing a money market fund to serve as the default sweep option, IARs or clients have the option to elect other money market funds that may provide more or less distribution assistance to HTK.

Until July 12, 2018, HTK participated in Pershing's no-transaction-fee program called "Fund Vest." The advisor to mutual funds on the Fund Vest platform made revenue sharing payments to Pershing, including 12b-1 fees. Pershing shares this compensation with HTK, including 12b-1 fees, and will continue to share such revenue with HTK as long as the client continues to own mutual funds from the Fund Vest platform in their Advisory Series Program account. The receipt of revenue sharing created an incentive for HTK to recommend funds that pay 12b-1 fees, preferring these to those funds that have no such fees or that have lower fees. HTK addresses this conflict through this disclosure and by automatically crediting to client accounts all 12b-1 fees generated by mutual funds owned by HTK clients in the Advisory Series Program on the Fund Vest platform.

Pershing also pays compensation to HTK in the form of the annual maintenance fee charged for individual retirement accounts (i.e., Traditional, Rollover and/or Roth accounts) held with Pershing. This compensation creates a conflict of interest for HTK when recommending clients' custody their retirement accounts with Pershing.