Item 1. Cover Page

HTK

Hornor, Townsend & Kent, LLC
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Conshohocken, PA 19428
(800) 873-7637

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

HTK Wrap Fee Program Brochure

As of March 31, 2025

(Form ADV Part 2A Appendix)

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). Please contact HTK Client Services at (800) 873-7637 for any questions about the content of this Disclosure Brochure

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 update of the Form ADV Part 2A was October 30, 2024. HTK has made no material changes to this Wrap Fee Program Brochure.

If you would like another copy of this Wrap Fee Brochure, you can download it from the SEC or HTK's website or we will send you a copy by contacting us at HTK Client Services at (800) 873-7637.

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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. HTK is organized as a limited liability company under the laws of Delaware with its principal office located at Eight Tower Bridge, 161 Washington Street, Conshohocken, Pennsylvania 19428. 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 of December 31, 2024, HTK manages $7,375,929,662 of client assets on a non-discretionary basis and $377,917,377 of client assets on a discretionary basis. Individuals that have completed Investment Advisory Agreements are considered clients, whereas individuals that have not established Investment Advisory Agreements, or have received a one-time Financial Plan, are considered consumers.

As a registered investment adviser, HTK provides advisory services to clients by and through our investment adviser representatives (“Advisers”). For more information about advisory services provided by an Adviser, please refer to their Brochure Supplement. The Brochure Supplement is a separate document that is provided by the Adviser along with this Disclosure Brochure before or at the time a client engages with them. Clients who have not received a Brochure Supplement for their Adviser should contact their Adviser directly or HTK Client Services at (800) 873-7637.

This Disclosure Brochure provides clients and prospective clients with information about HTK advisory services. While Advisers, may offer clients a variety of investment strategies 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 its Advisers are fiduciaries under the law. HTK and Advisers make full disclosure of all material facts relating to the advisory relationship, seek to avoid conflicts of interest, and make full disclosure of any material conflicts of interest that could affect the advisory relationship. HTK and Advisers act in the client’s best interest. The level of monitoring in your advisory account will depend on the type of account and the advisory program you select.

Our Wrap Fee Programs

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:

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

A Wrap Fee Program is an investment advisory program in which the client pays one bundled fee to compensate HTK and the Adviser for their services and to pay the transaction and clearing costs associated with transactions in the client's advisory account. HTK offers Wrap Fee Programs in addition to the advisory services described in the HTK Disclosure Brochure. The HTK Disclosure Brochure is a separate document that is provided by the Adviser along with this Wrap Fee Program Brochure and the Adviser's Brochure Supplement before or at the time the client engages with the Adviser. If a client does not receive one or both of these brochures, the client should contact the Adviser 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. There are trading costs associated with transactions in these securities. The wrap fee is not based directly upon the actual transaction or execution of the transactions in the client's account. Depending on the underlying investments and amount of transactions the client expects to be executed in the account, a wrap fee account may cost a client more than if the client chose to pay separately for all of the transaction costs (i.e., pay the advisory fee plus all ticket charges).

In choosing one or more of the Wrap Fee Programs above, the Adviser will work with the client to assess the client's needs and investment objectives. The Adviser will collect information including, but not limited to, the client's investment goals, income requirements, time horizon, and tolerance for risk in order to tailor recommendations to the client's needs and objectives. In order for HTK and its Adviser to provide appropriate recommendations, it is important that clients provide accurate and complete responses to the questions asked by the Adviser. In addition, clients need to inform the Adviser and HTK of any changes in their investment objectives, personal circumstances, and any other information, if any, that affects the client's overall investment goals. Clients may have the opportunity to impose reasonable restrictions on the securities purchased or the way the account is managed. Clients should understand that any restrictions can adversely affect the risk/reward level of a portfolio. Clients should contact the Adviser to discuss any allowable investment and/or account management restrictions allowable in the Wrap Fee Program(s) selected. Further details regarding the Wrap Fee Program can be found in the Investment Advisory Agreement.

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

HTK 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 DMA and AMP programs, in which HTK and the Adviser 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 with the HTK variance guidelines, the Adviser, 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 Adviser are not legal, tax, or accounting advice. Clients should consult with their personal attorney, tax professional, or accountant. Unless independent of their relationship with HTK, neither HTK nor its Advisers are qualified and appropriately licensed to offer legal, tax, or accounting advice.

Description of Wrap Fee Programs and Fees

HTK sponsors and currently offers Wrap Fee Programs described as follows.

HTK Advisory Series Programs

For HTK advisory series programs, HTK entered into an agreement with Envestnet Portfolio Solutions, Inc. ("Envestnet"), a provider of wealth management software and services to financial advisers. Through 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. In some of these programs, Envestnet provides operational and administrative services such as performance reports, asset allocation models, client proposals, data aggregation services, and fee calculation services. In other programs, Envestnet serves as the portfolio manager and provides discretionary advice for client accounts. For these programs, Pershing LLC is the primary custodian. HTK and Envestnet are not affiliated companies.

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.

If an account is to be liquidated as the result of a termination notice, a reasonable timeframe may be required in order to liquidate assets. The client 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.

HTK Professional Asset Management Program (“PAM”)

With the HTK PAM Program, in consultation with the Adviser, clients can select from a variety of institutional asset managers through 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 HTK’s due diligence process and requirements. The Managers and/or Strategists have ongoing discretion within the PAM advisory account(s).

There are two options available within the PAM Program: Multi-Manager and Single Strategist. Under these programs, the client selects a Strategist and a portfolio model created by the Strategist. The client may customize portfolio models using ETFs, mutual funds, or equities. HTK under the Envestnet relationship also offers PMC Outsourced Consulting, also known as Private Wealth Consulting ("PWC"). PWC is a solution for high-net-worth clients with a minimum net worth of $1,000,000. PWC offers clients custom managed portfolios created and managed by PMC that access multiple asset managers. Some of these strategies may utilize PMC Funds which Envestnet serves as the investment advisor to the PMC Funds, and may receive fees for both the PMC Funds and fees as the manager, Envestnet makes a corresponding fee reduction to the fee that Envestnet normally charges for managing in order to offset the fees it receives as a result of those assets being invested in the PMC Funds. The Single Strategist option also includes portfolios from the PMC Foundations series ("PMC"). These portfolios are a component of Envestnet and PMC's wealth advisory offerings for clients with smaller account balances. Clients should refer to Envestnet's Disclosure Brochure for further details on Envestnet programs

HTK Adviser as Portfolio Manager ("Adviser as PM") Program

With the HTK Adviser as PM Program, the Adviser may manage client assets on either a discretionary or non-discretionary basis, and create custom asset allocation models to meet the client's individual needs.

There are three options available within the Adviser as NDMA6, NDMA7, and DMA.

The DMA Program 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 Adviser, based on historical risk and return characteristics. The Adviser can use the model asset allocation or another allocation, so long as the other allocation falls within the client's risk tolerance band. HTK will monitor the risk tolerance bands based on HTK's variance guidelines. DMA accounts are not permitted to use margin.

In addition to the market fluctuations typical with investing, the client's performance in DMA will depend significantly on the Adviser'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 Adviser. This is to provide assurance that clients of the same Adviser receive the same price for a particular security and in fulfillment of HTK's duty to seek the best execution for its clients.

HTK Fee-Based Annuity Platform ("FBA")

FBA is available through Envestnet. It offers a suite of fee-based annuities from a variety of insurance carriers. With FBA, clients, in consultation with their Adviser, have the ability to invest in annuities that are designed to be held in a fee based advisory account. Through FBA, the Adviser 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 the client's risk profile, goals and/or objectives. HTK and the Adviser will not have discretionary authority and the client must make all investment decisions. The client and the Adviser should discuss the timing and frequency of rebalancing the sub-accounts, if applicable, to maintain the asset allocation model. The minimum account size for FBA is generally $10,000.

HTK AMP ("AMP")

AMP is an asset management program utilizing stocks, bonds, mutual funds without a sales charge ("no load" or "load waived"), ETFs, options and UITs. Only certain Advisers may offer this program to their clients. In AMP, assets are either managed on a discretionary basis (limited to only mutual funds) or a non-discretionary basis. Custom asset allocation models are created to meet the client's needs. Clients should refer to the Investment Advisory Agreement for details and terms and conditions of the program. Based on the information gathered during the profiling process, the client, working with the Adviser, select both the asset allocation strategy and the securities in the account. The Adviser assists the client in making investment decisions for AMP and the client agrees to furnish HTK and the Adviser with any information that might change the recommendation. The client receives a quarterly performance report for AMP account(s). With limited discretion in the AMP mutual fund only program, Advisers 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.

HTK Digital Investment Management Program ("Smart Journey")

Smart Journey is an HTK branded Wrap Fee Program administered by Betterment LLC ("Betterment"), a registered investment adviser with the SEC. Betterment is unaffiliated with HTK. In its relationship with Betterment, HTK also serves as a registered investment adviser. Betterment provides the client with discretionary, managed account services as Smart Journey's Sub-Adviser.

HTK Smart Journey (Betterment) offers a cash sweep program to hold funds in client accounts that are not otherwise invested, until those funds are used to fund securities transactions or withdrawn. Betterment may receive payments from cash sweep program banks, and this may create a conflict of interest. Neither HTK nor its Advisers receive revenue from Betterment's cash sweep program. Refer to Betterment's Brochure and Brochure Supplement for details.

Betterment Securities, a broker-dealer and affiliate of Betterment, is the broker-dealer for client account(s) in the Smart Journey program. Apex Clearing Corporation ("Apex") is the primary custodian. For more information, clients should refer to Betterment's Wrap Fee Brochure Supplement.

Fees and Compensation

A Wrap Fee Program is an investment advisory program in which the client pays one bundled fee ("wrap fee") to compensate HTK and the Adviser for their services and to pay the transaction and clearing costs associated with transactions in the advisory account. Clients 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.

The client 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.

Advisers may receive greater compensation to recommend specific programs within Envestnet. This presents a conflict of interest in that it could incentivize advisers to recommend these programs based on the additional compensation that the Adviser will receive rather than based on a client's needs. HTK addresses this conflict through this disclosure. Clients should discuss any questions with their Adviser.

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

The total maximum wrap fee is comprised of the PAM Program fee plus the Adviser fee that the client and the Adviser agree upon plus a 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 the HTK Investment

Advisory Agreement for further details. The program 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, which is available electronically (on demand and/or quarterly). This fee also includes all the Pershing trading costs and custody services. HTK receives the program fee paid by the client. The manager fee will only apply when using PAM Strategist and/or SMA Managers. Manager fee rates vary by Adviser, PAM strategist and/or SMA Manager. For 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 SMAs, it covers the management of the portfolio. Also, this fee includes the data integration and ongoing research provided by Envestnet through the platform. Tax and/or impact overlay services are optional and can be applied to either PAM Strategist and/or SMA accounts. Clients should consult with the Adviser as to whether these services may be appropriate based on the client's individual needs. Please consult with the Adviser as to the specific strategist or investment manager fee. 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	
Minimum Investment Amount	Total Maximum Wrap Fee
$25,000	2.50%*

* For PWC there may be additional charges. The total maximum wrap fee for PWC is 2.75%.

Clients should consult with their Adviser 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 fee is $200. 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.

<u>Wrap Fee schedule for PAM: Single Strategist - PMC Foundations portfolios:</u>

The total maximum wrap fee is comprised of the Program Fee plus the Adviser fee that the client and the Adviser agree upon. The Program 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, which is available electronically (on demand and/or quarterly). This fee also includes all the Pershing trading costs and custody services. HTK receives the Program Fee paid by the client. Please also refer to the HTK Investment Advisory Agreement for further details.

PAM-Single Strategist/PMC Foundations Fee	
Minimum Investment Amount	Total Maximum Wrap Fee
$25,000	1.75%

The annual minimum fee is $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, available through Envestnet, pursue an investment strategy that uses their proprietary funds, or underlying mutual funds or ETFs advised by the Strategist or its affiliate(s). In these situations, the Strategist or its affiliate(s) will receive fees from the proprietary funds 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 their Adviser concerning the use of proprietary funds in model portfolios or related conflicts of interest.

Wrap Fee schedule for Adviser as Portfolio Manager (“PM”) Programs:

The total maximum wrap fee is comprised of the program fee plus the fee negotiated between the Adviser and the client. Please also refer to the HTK Investment Advisory Agreement for further details.

Adviser as PM Program Fee	
Minimum Investment Amount	Total Maximum Wrap Fee
$25,000	1.75%

Clients should consult with their Adviser to determine if they are receiving all eligible fee breakpoints. Retroactive basis-fee charged is based on cumulative assets.

The annual minimum client fee is $160. The annual minimum client fee is assessed when the calculated quarterly advisory fee falls below this minimum fee.

Additional information about fees and billing for the HTK advisory series programs include:

- 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 prorated accordingly. Pro-rata fees are processed monthly.
- Fees are deducted from the client’s account on a quarterly basis in advance, in accordance with the client’s Investment Advisory Agreement. This fee is based on the average daily balance of the account during the previous quarter. These fees are processed in January, April, July and October.
- All trading fees 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 the client.

Wrap Fee Schedule for 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 below.

Fee Based Annuity Platform Fee	
Minimum Investment Amount	Total Maximum Wrap Fee
Varies based on carrier	1.75%

The annual minimum fee is $200. 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.

Wrap Fee Schedule for HTK AMP Program

The total maximum wrap fee is comprised of the program fee plus the Adviser fee that the client and the

Adviser agree upon. Please also refer to the HTK Investment Advisory Agreement for further details. The program 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	
Minimum Investment Amount	Total Maximum Wrap Fee
$25,000	1.75%

Clients should consult with their Adviser 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 client minimum is $140. 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.

Wrap Fee Schedule for HTK Smart Journey Program

For the HTK Smart Journey Program, HTK may charge a fee up to 1.00 percent of the account value. A portion of this fee is paid to the Adviser. This fee does include Betterment's program fee. For further details, please see Betterment's Wrap Fee Brochure Supplement, Investment Advisory Agreement and account opening documents. Each of our Advisers negotiate their own management fee schedule, however Betterment's management fee charged in connection with their services are disclosed in Betterment's advisory agreement. Clients are able to access the platform directly through Betterment, LLC. As such, clients would pay a lower advisory fee for Betterment.

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 vehicle (simply, an entity which allows investors to pool their money which is then invested by a fund manager on behalf of the fund). As such, the client will pay both the advisory fees to HTK and, indirectly, the client's pro-rata share of any management fees or expenses related to owning those investments. The client can invest directly in these pooled investment vehicles without incurring the fees charged by HTK. Please refer to the pooled investment vehicle prospectus and other disclosures for more information.

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.

Incentive for Recommending a Wrap Fee Program

There is a financial incentive for the Adviser to recommend a HTK Wrap Fee Program over other products or services offered by HTK.

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

HTK and Advisers receive compensation from advisers and distributors of certain mutual funds ("Distributors") that have Rule 12b-1 distribution plans. A mutual fund's 12b-1 distribution plan is typically disclosed in the applicable mutual fund's prospectus. HTK's receipt of 12b-1 fees presents a conflict of interest between HTK and its clients as HTK is incentivized 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.

Revenue Sharing from Pershing, LLC

Introduction

For accounts introduced to HTK's clearing firm, Pershing, LLC ("Pershing"), HTK makes available a sweep program for when there is cash in your account that has not been invested. For example, you may have just deposited money or received sale proceeds into your account without giving instructions on how to invest it, or you may have received cash dividends or interest. This uninvested cash is called a free-credit balance. If you participate in the sweep program, these free-credit balances will be automatically "swept" into the chosen product. This process is typically referred to as participating in a sweep program and the uninvested balance is typically referred to as a sweep balance.

HTK has changed its default sweep product option to an FDIC-Eligible Bank Deposit Sweep Product for participating and eligible accounts. In the FDIC-Eligible Bank Deposit Sweep Product, sweep balances are automatically transferred to a Program Bank where the deposit is eligible for FDIC pass-through insurance up to allowable limits and subject to certain conditions. Program Banks are banks that participate in the FDIC-Eligible Bank Deposit Sweep Product. A list of Program Banks is available on htk.com/for-clients.

What is the FDIC?

The Federal Deposit Insurance Corporation ("FDIC") is an independent agency of the United States government that protects bank depositors against the loss of their insured deposits in the event that an FDIC-insured bank or savings association fails. FDIC insurance is backed by the full faith and credit of the United States government. FDIC insurance is automatically applied to any deposit account up to $250,000 per depositor per FDIC-insured bank, per ownership category. Deposit insurance is calculated dollar for dollar, principal plus any interest accrued or due to the depositor, through the date of default.

In the unlikely event of a bank failure, the FDIC pays insurance to depositors up to the insurance limit. Historically, the FDIC pays insurance within a few days after a bank closing by providing each depositor with a new account at another insured bank in an amount equal to the insured balance of their account at the failed bank or by issuing a check to each depositor for the insured balance of their account at the failed bank. The FDIC also sells and collects the assets of failed banks after settling its debts, including claims for deposits in excess of the insured limits. If a depositor has uninsured funds, they may recover some portion of their funds from the proceeds from the sale of failed bank assets. This process may take years. For more information on FDIC, visit fdic.gov.

Note that HTK is not an FDIC-insured bank.

What is SIPC?

Securities Investor Protection Corporation ("SIPC") protects against the loss of cash and securities in the event that a brokerage firm fails. SIPC protects up to $500,000, including a $250,000 limit for cash. SIPC protection is limited and only covers customer cash and securities that are in their accounts when the brokerage firm liquidation begins.

SIPC does not protect against the decline in value of securities or cash equivalents, worthless securities, or losses due to bad advice or timing. For more information about SIPC please visit sipc.org.

Interest to be Paid

The FDIC-Eligible Bank Deposit Sweep Product is not designed to be a long-term investment. When your funds are deposited into a Program Bank, that money will earn interest depending on the terms determined by the Program Bank and Pershing. Interest on free-credit balances accrues daily and is credited monthly. The interest rate applied to your deposit is based on the value of your deposits. HTK may change the amount of interest it retains at any time without prior notification to you. HTK, Pershing and HTK's unaffiliated administrator, interLINK, will retain the majority of the interest earned by your deposit ("Program Fees"). HTK will retain the majority of the Program Fees compared to Pershing and interLINK. Please visit HTK.com/for-clients for an updated list of interest rates for deposit amounts.

Value of Deposits in FDIC Sweep Program
Up to $10,000
$10,000 - $30,000
$30,000 – $99,999
$100,000 - $249,999
$250,000 - $499,999
$500,000 - $999,999
$1,000,000 - $2,000,000
Greater than $2,000,000

Note that HTK and Pershing make other options available to you for long-term cash positions with no program fees, in which neither HTK nor Pershing retain any amount of interest earned on your deposits. These options include money market funds, among others. The primary benefit for you of the FDIC-Insured Program is that it may offer additional insurance coverage on free-credit balances, rather than yield or return on investment. Talk to your Financial Professional to determine which investment option is best for you.

The FDIC-Eligible Bank Deposit Sweep Product creates a financial benefit for HTK, Pershing, interLINK, and the Program Banks. Your Financial Professional does not directly receive any program fees from the FDIC Eligible Bank Deposit Sweep Product. HTK receives more revenue from deposits in the FDIC-Eligible Bank Deposit Sweep Product than it would if your free-credit balances were invested in money market funds or other similar vehicles. This presents a conflict of interest for HTK to grow and maintain assets in the FDIC Eligible Bank Deposit Sweep Product whereas you may be able to earn a greater return in other similar products, such as money market funds, available through Pershing.

Eligibility to Participate in the FDIC-Eligible Bank Deposit Sweep Product

The FDIC-Eligible Bank Deposit Sweep Product is available for any account except ERISA Plan accounts and accounts which participate in HTK's Discretionary Asset Management Account ("Discretionary Accounts"), as described in the HTK advisory services Disclosure Brochure Part 2A, which can be found on htk.com/forclients. ERISA Plan accounts and Discretionary Accounts, should they participate in HTK's sweep program, will sweep to the Federated Hermes Government Obligations Fund (“GOSXX”), a Fund which is not FDIC eligible and currently available as an HTK Sweep Product for only these types of accounts.

Please note that if you opt out of the FDIC-Eligible Bank Deposit Sweep Product then you will not be able to participate in HTK’s sweep program, and your free-credit balances will not be invested or earn a return for your account until you instruct HTK otherwise.

HTK is incentivized to recommend that you maintain as great a free-credit balance as possible, for as long as possible, in the FDIC-Eligible Bank Deposit Sweep Product. It is important that you understand that this sweep option is not intended or designed to be a long-term investment.

Bank Deposits

You will not have a direct account relationship with the Program Banks. However, each deposit account constitutes an obligation of a Program Bank and is not directly or indirectly an obligation of HTK, Pershing, or your Financial Professional. If you or HTK terminate your use of the FDIC-Eligible Bank Deposit Sweep Product or one or more of the Program Banks, then you may establish a direct depository relationship with each such bank, subject to its rules with respect to maintaining Deposit Accounts.

You may find a complete listing of Program Banks on htk.com/for-clients. You may also visit the National Information Center, which provides comprehensive information on banks and other institutions for which the Federal Reserve has a supervisory, regulatory, or research interest, at ffiec.gov/npw. The FDIC can be reached by mail at 801 Seventeenth Street, N.W Room 100, Washington, D.C. 20434, or by phone at 1-877ASKFDIC. HTK does not guarantee the financial condition or the publicly available financial information of any Program Bank. Please reach out to HTK if you become aware of any unauthorized activity or if you have any complaints regarding the HTK sweep program.

Program Bank List

You should talk to your Financial Professional or visit htk.com/for-clients to review the most recent Program Bank list.

Deposit Procedures

Your participation in the FDIC-Eligible Bank Deposit Sweep Product will cause the free-credit balances in your accounts to be swept each day into the deposit accounts at Program Banks. Although each deposit account constitutes a direct obligation of the Program Bank to you, you will not have a direct account relationship with the Program Banks, and you will not be able to instruct the Program Bank to process deposits or withdrawals from your deposit account. Initial and subsequent deposits can only be made on your behalf by Pershing and through HTK. Your interest in a Deposit Account is not transferrable.

Free-credit balances are swept to the Deposit Accounts at a Program Bank up to the maximum deposit amount. The FDIC-Eligible Bank Deposit Sweep Product generally allocates deposits to Program Banks in the same order that Program Banks appear on the Program Bank List. Deposits are generally swept to the first Program Bank on the Program Bank List; once the maximum deposit amount has been reached at that Program Bank, no further deposits will be made at that Program Bank and subsequent deposits will occur at the next Program Bank on the list. Note that once your free-credit balances have exceeded $2,500,000 in the FDIC-Eligible Bank Deposit Sweep Product, no FDIC insurance is provided on excess funds. Once all Program Banks have reached their maximum deposit amounts, additional funds will be swept into DGUXX, which is not eligible for FDIC insurance.

You may not change the Program Bank list, however you may designate a Program Bank as ineligible to receive your free-credit balances. This designation will result in your free-credit balances being deposited into a different Program Bank on the Program Bank list, in accordance with methodology described above. You may also instruct HTK to remove your free-credit balances from a Program Bank and close your Deposit Account. Please contact your Financial Professional if you would like to designate a Program Bank as ineligible to receive your free-credit balances. Note that some Program Banks may provide HTK, Pershing, and interLINK with greater or lesser interest revenue compared to other Program Banks. HTK, Pershing, and interLINK will retain almost all of the interest earned on your free-credit balances at the Program Banks.

Withdrawal Procedures

All withdrawals necessary to satisfy the debits in your brokerage accounts will be made by Pershing as your agent through HTK. If your brokerage account includes Pershing Resource Checking or Corestone features, a debit is made to the Deposit Account to satisfy a withdrawal of funds from your brokerage account when you write a check on your account or withdraw funds using your debit card. Each debit will automatically generate a withdrawal from the FDIC-Eligible Bank Deposit Sweep Product, causing a reduction of your balance in the applicable Deposit Accounts to satisfy the debit in your brokerage account. If your sweep product is DGUXX, shares of DGUXX will be redeemed to satisfy the debit in your brokerage account. Checks written on the brokerage account are not drawn directly on the Deposit Accounts established for you at the Program Banks. If there are insufficient funds on deposit in your Deposit Accounts, Pershing will withdraw funds from other available sources as described in your account agreement or Pershing, LLC IRA Adoption Agreement.

Statements

You will not receive bank statements or transactions confirmations for each deposit to or withdrawal from your Deposit Accounts. All transactions in your Deposit Accounts will be listed on your periodic brokerage account statement. Brokerage account statements will be delivered monthly if there is qualifying activity in your account. Otherwise, your brokerage account statements will be delivered on a quarterly basis. It is recommended that you retain copies of your brokerage account statements for your records.

HTK receives revenue sharing payments, which it terms “distribution assistance”, from Pershing its custodian and clearing firm. This distribution assistance includes 12b-1 Fees paid to Pershing from mutual fund advisers and distributors.

Until July 12, 2018, HTK participated in Pershing’s no-transaction-fee program called “Fund Vest.” The mutual funds adviser 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.

Clients should read their agreement(s) carefully and ask their Adviser any questions related to fees and compensation.

Item 5. Account Requirements and 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 are eligible to invest with HTK’s advisory services. Clients should consult with their adviser or their employer to determine if assets are eligible to invest. Clients should refer applicable plan provider for more detailed information regarding account minimums and other conditions.

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. Account minimums are subject to change. Please see Wrap Fee Program Descriptions under Item 4 for further information as well as refer to the disclosure documents of the applicable Strategist and/or SMA Manager for more detailed information regarding account minimums and other conditions. Clients retain 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

Portfolio Manager Selection

For the PAM program, HTK offers access to either an SMA investment managers or a strategist (collectively “Envestnet Portfolios”) available through Envestnet. HTK relies primarily on Envestnet to perform due diligence on such Envestnet Portfolios that may be included in the PAM Program. Advisers will assist clients in the selection of one or more Envestnet Portfolios based on the client’s risk tolerance and investment objectives. Clients should refer to the Envestnet Disclosure Brochure and Brochure Supplement to obtain more detailed information.

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. The DMA program allows purchases by the Adviser 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 Adviser. HTK monitors for consistency; namely, that services provided by the Adviser with program parameters and the policies and procedures of HTK. If the Adviser leaves HTK, HTK will notify the client in writing of the termination of their HTK Investment Advisory Agreement and the advisory account will be reclassified as a brokerage account custodied with Pershing, LLC (or in the instance of Smart Journey the client account will become a Betterment, LLC brokerage account) and will no longer receive any further management by HTK unless a new Adviser is appointed to the account and a new HTK Investment Advisory Agreement is executed.

Performance-Based Fees and Side-by-Side Management

HTK and Advisers do not receive performance-based fees.

Methods of Analysis and Investment Strategies

HTK Advisers use various methods to determine an appropriate investment strategy for a client’s portfolio. During the initial and subsequent meetings with an Adviser, the specific methods used for the client’s account will be discussed. The strategies could include the following:

- Asset allocation: This is an investment strategy that aims to balance risk and reward by allocating assets among a variety of asset classes. The general theory behind asset allocation is that each asset class will perform differently from the others in different market conditions. Asset allocation does not guarantee a profit or protect against loss.

- 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.
- Dollar-cost averaging ("DCA"): This is the strategy of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. More shares are purchased when prices are low, and fewer shares are bought when prices are high. DCA is believed to lessen the risk of investing a large amount in a single investment at a higher price. DCA does not prevent against loss in declining markets.
- 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.
- 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.
- 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.

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).

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 entire amount of the client's invested 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. Clients should review disclosure documents carefully, and work with their Adviser to answer any questions they may have.

<u>Risk of Loss</u>

Investing in the securities market involves investment risk including the possible loss of the principal amount invested. Neither HTK nor its Advisers 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 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.

There are many types of risk associated with an ETF, including but not limited to, market risk , tax risk, portfolio risk, risks in a particular industry or sector that the ETF tracks, etc. 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.

In addition to investment risks, clients should also be aware of cybersecurity risks. The computer systems, networks and devices used by HTK, its advisers, 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 by causing disruptions and impacting business operations, potentially resulting in financial losses to a client, or impeding trading. 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.

Voting Client Securities

HTK and its Advisers do not vote proxies on behalf of their clients. Clients receive proxies or other solicitations directly from the custodian or transfer agent. In the event HTK and/or the Adviser receives such information, HTK and/or the Adviser 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 deem advisable under the circumstances. Clients should refer to the respective TPAM's Disclosure Brochure for information concerning their proxy voting policies. Clients can obtain a copy of the TPAM's proxy voting policies and procedures upon request.

Item 7. Client Information Provided to Portfolio Managers

HTK Advisers meet with their clients periodically to provide assurance that client information is current. HTK provides relevant client information to Envestnet and to Betterment for those clients participating in HTK's Smart Journey program.

Item 8. Client Contact with Portfolio Managers

Clients should work with their Adviser if they have questions regarding their account.

Item 9. Additional Information

Disciplinary Information

HTK does not have any disciplinary matters to disclose relating to HTK advisory business. Details of HTK's disciplinary information are described in more detail in Part 1 of its Form ADV, available on the SEC's website at www.adviserinfo.sec.gov. Consistent with the requirements of Form ADV Part 2A, please find information regarding the following disciplinary matters.

Regarding HTK's brokerage activities, on March 21, 2023, HTK entered into an Acceptance, Waiver and Consent agreement ("AWC") with FINRA. Without admitting or denying the findings, HTK consented to findings that it failed to reasonably supervise a registered representative's disclosed, but unapproved, outside business activity ("OBA") involving the sale of a security described as a structured cash flow investment. HTK agreed to pay a fine of $180,000. On November 14, 2017, HTK entered into an AWC with FINRA. Without admitting or denying the findings, HTK consented to the findings by FINRA that HTK's broker-dealer failed to implement adequate supervisory procedures related to the sale of multi-class variable annuities sales, including L-Share contracts. HTK agreed to pay a fine of $275,000.

Item 10. Other Financial Industry Activities and Affiliations

Broker-Dealer Registration

HTK is a registered investment adviser with the SEC and a registered broker-dealer. HTK Advisers may be registered representatives of HTK, 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 Advisers to recommend annuities based on the additional transaction-based compensation that the adviser will receive rather than based on a client's needs. HTK addresses this conflict through this disclosure and by preventing Advisers from receiving both advisory fees and transaction-based compensation on the same assets.

Pershing is the correspondent clearing firm for HTK. As such, 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.

HTK is a wholly-owned subsidiary of Penn Mutual and serves as a principal underwriter and distributor for variable life and annuity products issued by Penn Mutual and, its insurance affiliates, The Penn Insurance and Annuity Company ("PIA"). Penn Mutual and its affiliate companies are engaged in providing a range of diversified financial services. Certain companies are broker-dealers, investment companies, registered investment advisers, and insurance companies. The majority of HTK's registered representatives and Advisers are licensed and appointed as life insurance agents with Penn Mutual and its insurance affiliates. When acting as an insurance agent, an Adviser may offer/sell insurance or annuity products issued and distributed Penn Mutual or its insurance affiliates. As insurance agents, HTK representatives receive commissions for the sale of insurance products, which will be paid in addition to any compensation received by the Adviser for providing investment advisory services, and may at times include recognition, events and conferences. These compensation arrangements present an incentive for the Adviser to recommend products offered by these affiliated companies. 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 Advisers own and operate their own independent companies - referred, in the industry, as outside business activities or "OBAs", which are outside of brokerage and advisory services offered by HTK. These unaffiliated companies may provide OBA services to clients that include, but are not limited to, accounting/tax practices, business consulting, insurance agencies, legal services, and others. OBA services are offered and performed solely in the Adviser's private and/or professional capacity - not as a representative of HTK.

HTK works with banking institutions, to provide 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 Advisers may refer clients that require lending services to the HTK approved banking institutions. Any such referral is an ancillary account service, and it is not part of any Advisory Program or Advisory Service. HTK Advisers act as an intermediary but do not act in a fiduciary capacity to clients when making such a referral and will not provide advice or oversee any such lending arrangement. HTK Advisers 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 Adviser are not compensated for these referrals.

Other Affiliated Entities

HTK has established a service agreement with 1847 Financial, LLC, an affiliated distribution company.