Item 1. Cover Page

HTK

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

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

HTK Advisory Services Disclosure Brochure

As of March 31, 2025

(Form ADV Part 2A)

This Disclosure Brochure provides information about the qualifications and business practices of Hornor, Townsend & Kent, LLC (HTK), a registered investment adviser with the U.S. Securities and Exchange Commission ("SEC"). 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 Disclosure Brochure.

If you would like another copy of this Disclosure 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.

Item 3. Table of Contents

Item 4. Advisory Business

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 $7,375,929,663 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.

HTK Advisory Services

HTK offers the following investment advisory services:

1. Advisory services with Third-Party Asset Managers
2. Financial Planning and/or Consulting Services
3. Retirement Plan Consulting Services

These three (3) types of services are described as follows:

1. Advisory Services with Third-Party Asset Managers

HTK offers advisory services using Third-Party Asset Managers ("TPAM") platforms that may use different custodians. As such, advisory services will differ dependent upon the services provided by each TPAM platform.

TPAM programs, reviewed and approved by HTK for use by Advisers, provide clients with the opportunity to have their investment portfolios professionally managed by asset managers unaffiliated with HTK. TPAM programs offer clients access to a wide variety of model portfolios with varying levels of risk from which they can choose. TPAMs selected by HTK satisfy our due diligence review process and other requirements. In limited situations, HTK has the discretion to waive certain requirements and limit the services provided under a "service only" TPAM relationship. Not all TPAMs are available to all Advisers or all clients, and are subject to change.

Each TPAM program is uniquely structured and the investment strategies, types of investments, account minimums, and fee structures vary within and between each TPAM program. HTK and its Advisers engage with TPAMs as a Co-Adviser or as a Promoter to the TPAM. In some cases, Advisers may utilize TPAMs as Wrap Fee Program sponsors. For more information on Wrap Fee Program Sponsors, please see the HTK Wrap Fee Program Brochure Supplement.

Advisers will help clients select the TPAM most appropriate to the client's needs. Once selected, the client enters into a separate advisory agreement with the TPAM that details the scope of services to be provided. This agreement may be in addition to other investment advisory agreements the client will enter into with HTK. When using a TPAM, neither HTK nor the Adviser performs ongoing discretionary asset management in the client's portfolio; this is performed by the TPAM. TPAM accounts are maintained with other broker-dealers or custodians.

It is a conflict of interest when an Adviser recommends a particular TPAM because the advisory fee paid may provide greater compensation than provided by other TPAMs. Clients should carefully review each TPAM Disclosure Brochure and any agreements and disclosure documents the TPAM provides to clients.

Types of HTK Advisory Relationships with TPAMs

HTK offers programs under three different types of advisory relationships with TPAMs: 1) Co-Advisory Relationship; 2) Wrap Fee Program; and, 3) Promoter Relationship.

1. Co-advisory Relationship: Under a Co-Advisory Relationship, the Adviser utilizes a TPAM to co-advise the client account. The Adviser assists the client to create a financial profile, provide recommendations, and monitor selected investments to provide assurance that advisory services continue to be suitable and appropriate for the client's financial circumstances, investment objectives, and preferences.

2. Wrap Fee Program: A Wrap Fee Program is an investment advisory program in which the client pays one bundled fee for advisory and account services. Clients, under a wrap fee program, generally, pay one inclusive fee that is not based on transactions executed in the account. Services provided include investment management, custody, reporting,

performance-monitoring, and trade execution service. HTK Wrap Fee Program offerings are detailed separately in the HTK Wrap Fee Program Brochure Supplement.

3. Promoter Relationship: In a Promoter relationship, the Adviser *refers* the consumer to a TPAM and receives a referral fee for the consumer introduction. In a Promotor relationship, the Adviser does not make investment recommendations and does not monitor TPAM activity.

HTK may engage in other types of relationships and, from time to time, may make changes to these relationships.

2. Financial Planning and/or Consulting Services

Financial planning services are offered on a comprehensive or limited focus basis. This can be one-time only service or an ongoing consulting service. Financial plans encompass all or some of the following areas including retirement planning, education planning, estate planning, business succession planning, portfolio review and evaluation and/or budgeting and cash flow analysis. The Adviser will collect and use information provided by the consumer to evaluate and discuss financial planning recommendations. For financial planning services, a consumer will enter into a written Fee-based Financial Planning Agreement before any financial services begin. This agreement will describe the services and fees the consumer and Adviser have agreed upon. Once the financial plan is delivered to the consumer, the consumer is free to implement the plan on their own, should the consumer choose to do so. For one-time only financial planning the arrangement ends once the financial plan is delivered.

An additional agreement will be required for consumers choosing to use the Adviser for additional advisory services and/or engage a HTK registered representative for brokerage or other financial services. The initial meeting with the Adviser is an opportunity for the consumer to identify their values and objectives, risk tolerance, and needs. The planning process helps the consumer to become more aware of their own personal finances, current and future needs and how decisions can impact the consumer and the future.

Ongoing consulting services include ongoing consultation with the Adviser on financial matters including, but not limited to, ongoing access to the Adviser via email/phone; budgeting and cash flow analysis, education planning; estate, legacy or multigenerational planning; major purchase planning; business financial planning; family financial planning; life transition planning; insurance planning; special needs planning; and/or philanthropic/charitable planning. For ongoing consulting services, the consumer will enter into a separate written consulting services agreement before any financial services begin. This consulting services agreement will describe the services and fees the consumer and Adviser have agreed upon. The Adviser may or may not provide written reports and analysis. The consumer is free to implement on their own any recommendation or advice provided by the Adviser as a result of the consulting services relationship. There is no requirement to use HTK or any of its Advisers or financial professionals for investment services. An additional agreement will be required if the consumer chooses to utilize the Adviser for further advisory services and/or engage a HTK registered representative for brokerage or other financial services. Consulting services do not include implementing or monitoring of any recommendations provided under the consulting agreement, and neither HTK nor the Adviser will have any discretion over the consumer's assets under the consulting services relationship.

3. Retirement Plan Consulting Services ("RPCS")

Through HTK Retirement Plan Consulting Services ("RPCS"), Advisers, who meet certain requirements, assist clients that serve as trustee (or a fiduciary) to retirement plans by providing fiduciary and/or non-fiduciary services. In instances where HTK provides fiduciary services under RPCS, the Adviser appointed by the trustee (or a fiduciary) will serve as a 3(21) fiduciary as defined under the Employee Retirement Income Security Act of 1974 ("ERISA") to a retirement plan. Advisers will perform certain limited scope investment advisory services for the retirement plan consistent with Section 3(21) of ERISA. Services are provided on a non-discretionary basis, which means that the client must authorize each transaction prior to execution of atrade.

Fiduciary services may include: assisting clients with preparing and reviewing a retirement plan investment policy statement; recommending to clients specific investment vehicles made available as investment options under a retirement plan; periodically monitoring a retirement plan investment options and providing reports and analysis generated by unaffiliated software providers; and, assisting clients in meeting the broad range requirement of Section 404(c) under ERISA, which relates to the consideration of investment alternatives with differing potential for investment risk and return. However, the Adviser is not responsible for a retirement plan's compliance with Section 404(c) of ERISA.

Non-fiduciary services may include analysis, evaluation and education to the retirement plan.

Separately, HTK and its Advisers may offer retirement plan participants the other securities products and advisory services available through HTK. Neither HTK nor its Advisers are acting as fiduciaries under Section 3(21) when offering other securities products and advisory services. Clients are advised to independently consider whether HTK and the Advisers services are appropriate to them.

Additional Information Regarding ERISA or Other Tax Qualified Retirement Plans

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

In addition to the fiduciary standard that applies to HTK advisory services, there are circumstances under which HTK and its Advisers are subject to a fiduciary duty under the Internal Revenue Code ("Code"), and/or the Employee Retirement Securities Act of 1974 ("ERISA"). Recommendations involving rollovers from an employer retirement plan, such as a 401(k) or other pension or employee benefit plan governed by ERISA, and Individual Retirement Accounts ("IRA's") are subject to a fiduciary duty. Prior to rolling over or transferring assets from an employer retirement plan, the client should compare investment options, fees and expenses, and services between the existing and proposed accounts. It may be in the client's best interest, after consideration of all factors, to leave assets in the current plan. HTK has established policies and procedures that require HTK and its Advisers to meet a professional standard of care when making investment recommendations, to put the client's interests ahead of our own when making recommendations, charge no more than reasonable compensation for services rendered, comply with federal securities laws regarding best execution, and make no misleading statements about conflicts of interest, fees, and investments. When an Adviser provides a rollover recommendation to a client, the advisory fee on those assets may pose a conflict of interest.

In choosing one or more of the services above, the Adviser will work with clients to assess their needs and investment objectives. The investment 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 their recommendations to their needs and objectives. Clients will also be able to communicate any reasonable restrictions they would like to impose on the management of or investment products included in their account.

HTK and its Advisers do not provide legal, tax, or accounting advice; any information provided relating to legal, tax or accounting considerations affecting the client's financial situation or transactions is not intended to be legal, tax or accounting advice and should not be relied on as such. Clients should consult with their own legal, accounting or tax professionals.

Item 5. Fees and Compensation

HTK and Advisers charge fees based on the type of advisory services provided to the client. Certain fees are negotiable and may include hourly fees, fixed fees, or a percentage of assets under management. Fees that are charged will consider the complexity and time involved in the work performed, the degree of responsibility HTK and the Adviser have over the account, the needs and characteristics of the client, the types of investments, and the costs involved in providing the service(s) selected. Fees may be billed in advance or in arrears. Clients paying in advance may be entitled to a prorated refund of any prepaid fees for services not received upon termination of the agreement Information regarding fees and compensation for each of the HTK advisory services programs is provided immediately below.

Fees for Advisory Services with TPAMs

For advisory services with TPAMs, HTK charges up to 1.5 percent (1.5%) of the client's account value. This does not include manager fees and other charges associated with the TPAM program. When HTK and its Adviser act as Co-Adviser, taking a more active role in advisory services provided to the client, a portion of the advisory fee charged by the TPAM is paid to HTK and the Adviser. In some cases, the Adviser may add a fee to the TPAM fee for performance of certain advisory services. Clients should review the investment advisory agreement and the TPAM's Disclosure Brochure for further information regarding the advisory fee charged for the selected TPAM. For details related to specific TPAM fees, please see the applicable TPAM Disclosure Brochure.

The same or similar services to those described above may be available elsewhere to clients at a lower cost including through a wrap fee program. HTK offers some employees, its Advisers, and family members a discount or waiver of some or all fees.

When HTK and its Advisers act as a Promoter and introduce consumers to the TPAM, the TPAM pays HTK a Promoter Fee. In some instances, HTK and the Adviser will share the Promoter fee; in other cases, HTK may assess a separate fee in addition to the Promoter fee. The Promoter Disclosure Statement, provided to consumers at the time of referral, will specify the fee paid to HTK.

Financial Planning and/or Consulting Services

For Financial and/or Consulting Planning Services, HTK fees are negotiable, and may vary based on the complexity of the consumer's profile and requested services. When an Adviser has their own fee schedule, the cost of similar services by the Adviser may be higher or lower than the fee schedule quoted by another Adviser. HTK fees and compensation are described in the Financial Planning and/or Consulting Services Agreement. Consumers will be invoiced for payment of services. All payments for Financial Planning or Consulting Services are invoiced and processed through AdvicePay, an unaffiliated service provider. Consumers who terminate a Financial Planning or Consulting Agreement before the plan or consultation has been completed will be refunded any unearned prepaid fees by providing written notice to HTK.

Retirement Planning Consulting Services ("RPCS")

For RPCS, HTK charges a fee based on a percentage of the assets held in the retirement plan (up to 1%), on an hourly basis (up to $500 per hour), or on a flat rate, as negotiated between the retirement plan and the Adviser. Fees for advice and services provided to ERISA retirement plans are negotiable between HTK and clients. HTK shares a percentage of the RPCS Fee with the Adviser based on the RPCS Agreement between HTK and that Adviser. If the fee is paid prior to the services being provided, the retirement plan will be entitled to a prorated refund of any prepaid fees for services not received upon termination of the client agreement among the client, HTK and the Adviser. Further details about fees and expenses in connection with RPCS are described in HTK's Section 408(b)(2) Disclosure Statement, as required by the Department of Labor.

Other Fees and Expenses

HTK may receive certain fees from TPAMs for conferences, events and marketing support services, and this compensation presents a conflict of interest as there is an incentive for HTK and its Advisers to recommend the TPAM to clients seeking investment advisory services. Additionally, HTK may enter into revenue share arrangements for direct assets under management with certain TPAMs. A revenue share arrangement means that HTK may be paid a percentage of the assets invested. This compensation is in addition to other payments, compensation or fees payable under separate agreements. This revenue share arrangement may create a conflict of interest as HTK and its Advisers are incented to choose a TPAM that provides revenue share arrangements.

Advisers who provide financial planning and/or consulting services also receive client from HTK or its affiliates in connection with sales of financial products recommended. If a consumer decides to implement an investment recommendation to purchase or sell securities through a registered representative of HTK, HTK and its registered representative will receive commissions or other compensation in connection with this transaction. This creates a conflict of interest as there is an incentive to recommend products based on the compensation received, rather than on a client's needs. Clients are not under any obligation to execute transactions through the Adviser, and may utilize the services of registered representatives who are not affiliated with HTK. HTK does not reduce its advisory fees to offset commissions or markups.

If a client decides to roll or move assets out of a retirement plan, such as a 401(k) plan, into an individual retirement account ("IRA"), HTK and its Advisers have a financial incentive to recommend that the client invest those assets with HTK because HTK will be paid an advisory fee and other compensation on those assets. Clients should be aware that these fees would likely be higher than those a client would pay through the retirement plan. If retirement plans do not permit in-kind securities transfers, commissions and other related fees may be charged by the retirement plan prior to account transfer.

When an Adviser is licensed and appointed to act as an insurance agent, they will offer and sell insurance products issued and distributed by an insurance company and receive commissions for the sale of insurance products in addition to investment advisory fees. This creates an incentive for the Adviser to recommend certain insurance products.

Clients should understand that when assets are invested in shares of registered investment companies or mutual funds, Exchange Traded Funds ("ETFs"), closed-end funds, Unit Investment Trusts ("UITs"), or other pooled investment vehicles, clients will pay both the direct management fees to HTK for its services in connection with these investments and, indirectly, a pro-rata share of any internal management fees or expenses related to owning those investments. Clients can invest directly in these securities without incurring the fees charged by HTK. All fees paid to HTK for its investment advisory services are separate from the fees and expenses charged to clients invested in shares of investment companies and/or other pooled investment vehicles. A complete explanation of the fees and expenses associated with these investments, along with other important information, is contained in the prospectus, disclosures and/or other information provided by the investment provider to clients. In addition, there may be tax consequences for fund share redemptions made by a client or on their behalf, as well as deferred sales charges or redemption fees.

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

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. Specifically, when an Adviser invests client assets in mutual funds that have Rule 12b-1 distribution plans, Distributors will receive fees from mutual funds and share those fees (called "12b-1 Fees") with HTK. A mutual fund's 12b-1 distribution plan is typically disclosed in the applicable mutual fund's prospectus.

HTK receives 12b-1 fees from load and no-load mutual funds that pay 12b-1 Fees. 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.

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 have high expense ratios and 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 have expense ratios or 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 , that are attributable to mutual fund holdings in accounts within HTK's Advisory Series Program; disclosing the conflict presented; providing its Advisers with education and guidance and supervising its Advisers 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.

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.

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.

<u>Eligibility to Participate in the FDIC-Eligible Bank Deposit Sweep Product</u>

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.**

<u>Bank Deposits</u>

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

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

Item 7. Types of Clients

HTK primarily serves individuals, high-net-worth individuals, trusts, businesses, and charitable organizations as well as the retirement assets of individuals and businesses, including, individual retirement accounts (IRAs), IRC 403(b) and 457 programs as well as employer-sponsored ERISA plans. Clients may open qualified and non-qualified accounts with HTK. Not all investors and plans 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.

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

There are no minimum asset amount for retirement plan consulting services. HTK RPCS services are available to clients who are trustees or other fiduciaries to retirement plans, including 401(k), 457(b), 403(b) and 401(a) plans. Such plans may include participant-directed defined contribution plans and defined benefit plans. Such plans may or may not be subject to ERISA.

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

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.
- 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.
- Concentrated Investment Strategies: Certain investment strategies may be concentrated in a specific sector or industry. If you invest in a portfolio or strategy that is made up of a concentrated position, sector or industry, your portfolio will be more likely to sharply increase or decrease in value with changes in the markets. Concentrated strategies are more volatile because the risk associated with each company represents a large percentage of your overall portfolio value.

These methods of securities analysis serve as a basis for the investment advice given to clients which includes, but not limited to, long term purchases (securities held at least a year); short term purchases (securities sold is within a year); and option writing (primarily, including covered options strategies). For the most part, analysis is provided via tools provided by HTK or approved for the Adviser for use by HTK. In addition, the services of other unaffiliated parties can be used to perform investment research, which include a screening and evaluation of investment firms, mutual funds, index funds, exchange traded funds and other managed or unmanaged investment vehicles. HTK and HTK Advisers also use unaffiliated research to assist in the development of asset allocation models, investment research, security opinions, valuations, analysis and investment manager/management due diligence. Advisers either develop asset allocation models or use others from outside independent sources that are approved by HTK. Because Advisers 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, recommendations and advice provided differ amongst clients and differ amongst Advisers.

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.

Risk of Loss

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 HTK 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.

Item 9. 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 unaffiliated 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 affiliate, The Penn Insurance and Annuity Company ("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, 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 by 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 its 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, which provide security-backed lines of credit (SBLOC), unsecured loans, loans backed by other assets, and residential real estate loans. To obtain an SBLOC, clients 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.

Information Regarding CFP® Certificants

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

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

Our Shared Commitment

Penn Mutual and its affiliate companies have adopted a 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. Advisers 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 upon request.

Participation or Interest in Personal Trading – Client Recommendations

As part of our ongoing commitment to serve the best interests of our clients, HTK has adopted policies intended to provide assurance that the business activities of Advisers and other associated persons is in agreement with applicable laws, regulations, Our Shared Commitment, and Code of Ethics. HTK expressly prohibits any adviser or related person from improperly profiting at the expense of our clients and/or competing with a client. Advisers 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 an adviser 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, adviser, and other person supervised by HTK who may have access to nonpublic information or make securities recommendations to advisory clients. HTK periodically reviews the activity in disclosed personal brokerage accounts to verify that the activity is in agreement with HTK policies and applicable laws and regulations.

Item 12. Brokerage Practices

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

Item 13. Review of Accounts

HTK Advisers review client accounts periodically to evaluate whether portfolio performance, diversification, and risk levels are appropriate considering the transactions costs involved in any changes. Some accounts may require certain activities in accordance with regulatory requirements.

HTK also periodically reviews Co-Advisory or Wrap Fee Program TPAM accounts to monitor and confirm the TPAM and its managers remain within expected investment styles and the account is in agreement with the client's current investment objectives and financial goals. Clients should also refer to TPAM's disclosure documents for information about the review of accounts. In Promoter relationships, HTK nor its Advisers provide any ongoing monitoring of a referred asset or account. HTK supervisory personnel review client accounts and advisory services to identify situations that warrant a more detailed review or specific action on behalf of a portfolio or client. Such reviews, include, but are not necessarily limited to, suitability, fees, investment results, among other. For RPCS clients, HTK periodically reviews the retirement plan analysis reports produced by Advisers. For individuals obtaining a financial plan, HTK periodically reviews financial plans to provide assurance that any services provided are in line with the agreement, parameters and services selected by those individuals.

Item 14. Client Referrals and Other Compensation

Marketing Partners Program

HTK's Marketing Partners Program is a program designed to offer managed account program sponsors access to HTK's network of Advisers for marketing, training and education purposes. Forming a focused group of supporting sponsors enables HTK to efficiently use its resources in educating its Advisers. Marketing Partners receive access to Advisers through participation in the following: lists of HTK Advisers; periodic regional marketing support and other marketing initiatives (featured content in HTK monthly newsletters, listing on internal website for HTK Financial Professionals, etc.); educational or sales conferences; and, teleconference education. As part of the program, HTK publicizes and/or promotes the products, sales ideas and other marketing materials from these supporting sponsors. All approved product sponsors of investment company securities, advisory products and direct participation programs have the opportunity to participate in the Marketing Partners Program. Marketing Partners compensate HTK to obtain greater access to Advisers and registered representatives. Advisers are not required to promote a Marketing Partner's products or services to clients. Whenever recommendations are made by

Advisers to clients, the Adviser understands that recommendations must be based upon product suitability and consistency with the client's stated investment and financial and other relevant objectives.

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

Advisers are eligible to receive incentives, prizes, awards, and certain reimbursements for advertising, sales literature and promotions offered by product promoters, such as mutual fund companies. It is HTK's policy to permit all Advisers to accept such awards and prizes to the extent that they are usual and customary within the industry, and in compliance with the SEC, FINRA, or state rules, regulations or guidelines. Because an Adviser receives such incentives, a conflict of interest exists when an Adviser recommends a product or service for which an incentive or prize is awarded. HTK addresses the conflict described above through disclosure in this Disclosure Brochure and policies and procedures designed to monitor compliance with applicable regulatory requirements.

Item 15. Custody

HTK does not have custody of client funds or securities. Clients receive account statements quarterly, or more frequently, from the broker-dealer or other qualified custodian that holds their account and assets. Regarding TPAMs, clients should refer to the respective TPAM's Disclosure Brochure for complete information concerning custodial practices and policies of the TPAM.

Item 16. Investment Discretion

HTK and the Adviser generally do not have discretionary investment authority. Discretionary authority means that neither HTK nor its Advisers have the authority, without consulting with the client, to decide which securities to purchase, sell or retain for the client's account.

Item 17. Voting Client Securities

HTK and its Advisers do not directly vote proxies for client accounts. Clients receive proxies or other solicitations directly from a 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 each TPAM proxy voting policies. Clients can obtain a copy of a TPAM's proxy voting policies and procedures upon request.

Item 18. Financial Information

HTK is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients.