

**Item 1. Cover Page**



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Clients may also visit us on the web at [www.htk.com](http://www.htk.com)

**HTK Advisory Services Disclosure Brochure**

As of March 31, 2026  
(Form ADV Part 2A)

This Brochure provides information about the qualifications and business practices of Hornor, Townsend & Kent, LLC (HTK, the Firm, us, we, or our).

If you have any questions regarding the contents of this brochure, please contact HTK Client Services at (800) 873-7637.

The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (SEC), or by any state securities authority.

Additional information about HTK is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Registration as an investment advisor does not imply a certain level of skill or training.

## **Item 2. Material Changes**

This section summarizes the material changes to HTK's Form ADV Part 2A. The previous update of this Form ADV Part 2A was dated August 11, 2025. There have been no material changes to this brochure since that last update.

To request a copy of this Disclosure Brochure at no charge, please contact HTK Client Services at (800) 873-7637. You may also download this document from our website at [www.htk.com](http://www.htk.com) or from the SEC's Investment Adviser Public Disclosure (IAPD) website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4. Advisory Business**

### **Our Firm**

HTK 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 Investor Protection Corporation (SIPC).

HTK has been registered with the SEC as an investment adviser since February 25, 1999. HTK is organized as a limited liability company under the laws of Delaware and has its principal office in Conshohocken, Pennsylvania.

### *Ownership and Affiliations*

HTK is a wholly owned subsidiary of 1847 Financial, LLC, which 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.

Assets Under Management As of December 31, 2025:

- \$648,184,403 of client assets on a non-discretionary basis.
- \$8,366,673,353 of client assets on a discretionary basis.

### *Client vs. Consumer Definitions*

HTK provides advisory services to clients by and through our investment adviser representatives (Advisers). Individuals who enter into an Investment Advisory Agreement with HTK are considered clients. Individuals who receive only a one-time financial plan, or who do not establish an ongoing advisory relationship with HTK, are considered consumers.

### *The Brochure Supplement*

For more information about advisory services provided by an HTK Adviser, please refer to the applicable Brochure Supplement. This is a separate document provided by the Adviser along with this Disclosure Brochure before or at the time a client engages 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.

### *Risk Disclosure*

While HTK 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 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 disclose 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 three (3) types of investment advisory services:

### 1. Advisory Services with Third-Party Asset Managers (TPAM)

HTK offers advisory services using TPAM platforms that may use different custodians. As such, advisory services will differ depending on 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 variety of professionally managed model portfolios with different levels of investment risk. 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.

#### *Program Structure and Fees*

Each TPAM program is uniquely structured. Investment strategies, types of investments, account minimums, and fees can vary both within a single TPAM program and between different TPAM programs. 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.

#### *Adviser Role and TPAM Agreements*

Advisers will help clients select the TPAM most appropriate to their needs. Once selected, clients enter 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 clients will enter into with HTK. When using a TPAM, neither HTK nor the Adviser performs ongoing discretionary asset management in client portfolios; this is performed by the TPAM. TPAM accounts are maintained with other broker-dealers or custodians.

**Conflict of Interest:** It is a conflict of interest when an Adviser recommends a particular TPAM because the advisory fee paid may result in greater compensation than that 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:

- **Co-Advisory Relationship:** The Adviser utilizes a TPAM to co-advise accounts. The Adviser assists clients 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.
- **Wrap Fee Program:** An investment advisory program in which clients pay 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.
- **Promoter Relationship:** The Adviser refers the consumer to a TPAM and receives a referral fee for the consumer introduction. In a Promoter 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 may be provided on a comprehensive basis or with a more limited focus, and may be offered as a one-time engagement or as an ongoing consulting relationship.

- **Financial Planning:** Encompasses 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. A written Fee-based Financial Planning Agreement is required before services begin. Once the financial plan is delivered, the consumer may choose whether to implement the recommendations on their own or with the assistance of an HTK Adviser or other financial professional. For one-time only financial planning, the arrangement ends once the financial plan is delivered.
- **Ongoing Consulting:** Includes 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.

**Important Notes:** 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 planning process helps the consumer become more aware of their own personal finances, current and future needs, and how decisions can impact their future. There is no requirement to use HTK or any of its Advisers or financial professionals for investment services. Consulting services do not include implementing or monitoring of any recommendations, 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 Service (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.

- **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). 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 (clients must authorize each transaction prior to execution). This includes assisting with investment policy statements, recommending specific investment vehicles, monitoring options, and assisting with Section 404(c) broad range requirements. 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 other securities products and advisory services available through HTK. Neither HTK nor its Advisers are acting as fiduciaries under Section 3(21) when offering these other services.

### Additional Information Regarding ERISA or Other Tax-Qualified Retirement Plans

If the account is for an ERISA-governed plan (such as a 401(k)) 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 IRA under Section 408 of the Code), HTK acts as a 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 providers.

### *Rollover Recommendations*

Recommendations involving rollovers from an employer retirement plan, such as a 401(k) or other pension or employee benefit plan governed by ERISA, and IRAs 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 to leave assets in the current plan.

**Conflict of Interest:** When an Adviser provides a rollover recommendation to a client, the advisory fee on those assets may pose a conflict of interest. HTK has established policies and procedures that require HTK and its Advisers to meet a professional standard of care, put the client's interests ahead of our own, charge no more than reasonable compensation, comply with federal securities laws regarding best execution, and make no misleading statements about conflicts of interest, fees, and investments.

### *Tailoring and Restrictions*

In choosing one or more of the services above, the Adviser will work with clients to assess their 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. Clients may also communicate any reasonable restrictions they wish to place on how their account is managed or on the investment products included in the portfolio.

### *Legal, Tax, and Accounting Disclaimer*

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.

#### *Fee Determination*

Fees that are charged will consider the following factors:

- 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.

#### *Billing and Refunds*

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.

Detailed 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.

### *Co-Advisory Fee Structure*

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.

### *Promoter Fee Structure*

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.

### *Cost Comparisons and Discounts*

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.

### **Financial Planning and/or Consulting Services Fees**

For Financial Planning and/or Consulting Services, HTK fees are negotiable and may vary based on the complexity of the consumer's profile and the services requested. When an Adviser maintains their own fee schedule, the cost of similar services provided by that Adviser may be higher or lower than the fees quoted by another Adviser, with the specific fees and services applicable to financial planning or consulting engagements detailed in the Financial Planning and/or Consulting Services Agreement. Consumers are invoiced for these services, with all payments for Financial Planning or Consulting Services processed through AdvicePay, an unaffiliated service provider. If a consumer terminates an agreement before the plan or consultation is completed, any unearned prepaid fees will be refunded upon the provision of written notice to HTK.

### **Retirement Plan Consulting Services (RPCS)**

For Retirement Plan Consulting Services (RPCS), HTK charges a fee based on a percentage of assets held in the retirement plan up to 1%, an hourly basis up to \$500 per hour, or a negotiated flat rate. These fees for advice and services provided to ERISA retirement plans are negotiable between HTK and the client, and HTK shares a percentage of the RPCS fee with the Adviser based on their specific agreement. If fees are paid prior to the delivery of services, the retirement plan is entitled to a prorated refund of any prepaid fees for services not received upon the termination of the agreement among the client, HTK, and the Adviser. Further details regarding RPCS fees and mandatory regulatory disclosures are provided in HTK's Section 408(b)(2) Disclosure Statement, as required by the Department of Labor.

### **Other Fees and Expenses**

#### *TPAM Compensation and Revenue Sharing*

HTK may receive certain fees from TPAMs for conferences, events, and marketing support services. This compensation presents a conflict of interest, as there is an incentive for HTK and its Advisers to recommend these TPAMs to clients.

Additionally, HTK may enter into revenue share arrangements for direct assets under management with certain TPAMs. Under these arrangements, HTK may be paid a percentage of the assets invested. This compensation is in addition to other payments or fees payable under separate agreements. These arrangements may create a conflict of interest, as HTK and its Advisers are incented to choose a TPAM that provides revenue sharing.

### *Commissions and Product Sales*

Advisers providing financial planning and/or consulting services may also receive compensation from HTK or its affiliates in connection with the sale of recommended financial products.

- Securities Transactions: If a consumer implements a recommendation to purchase or sell securities through an HTK Adviser, HTK and the Adviser will receive commissions or other compensation. This creates a conflict of interest, as there is an incentive to recommend products based on compensation rather than solely on client needs.
- Client Choice: Clients are under no obligation to execute transactions through the Adviser and may utilize unaffiliated representatives.
- No Fee Offsets: HTK does not reduce its advisory fees to offset commissions or markups.

### *Retirement Plan Rollovers*

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

### *Insurance Commissions*

When an Adviser is licensed as an insurance agent, they may sell products issued by an insurance company and receive commissions in addition to advisory fees. This creates an incentive for the Adviser to recommend certain insurance products.

### *Investment Vehicle Fees (Mutual Funds, ETFs, and UITs)*

When assets are invested in mutual funds, ETFs, closed-end funds, Unit Investment Trusts (UITs), or other pooled vehicles, clients pay both:

- Direct management fees to HTK for its services.
- Indirect expenses, representing a pro-rata share of the investment's internal management fees and expenses.

Important Considerations:

- Clients can invest directly in these securities without incurring HTK's fees.
- HTK's fees are separate from the internal expenses of the investment vehicle.
- Complete details are found in the applicable prospectus or disclosure documents.
- Redemptions may result in tax consequences, deferred sales charges, or redemption fees.

### *Custodial and Clearing Fees*

When opening an account with HTK, additional fees and charges may be imposed by Pershing, LLC (Pershing), HTK's custodial and clearing firm. These may include, but are not limited to:

- Custodial, clearing, and execution charges.
- Special fees for special managed accounts.
- Fees assessed to IRA or retirement accounts.
- 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 (12b-1 Fees) with HTK. A mutual fund's 12b-1 distribution plan is typically disclosed in the applicable mutual fund's prospectus.

### *Conflict of Interest and Mitigation*

HTK receives 12b-1 fees from load and no-load mutual funds that pay 12b-1 Fees. HTK's receipt of 12b-1 fees creates 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 rather than in funds that do not pay such fees or pay lower fees.

HTK addresses this conflict through:

- This disclosure.
- Automatically crediting to client accounts all 12b-1 fees attributable to mutual fund holdings in accounts within HTK's Wrap Fee Programs.

### *Mutual Fund Share Class Selection*

Mutual funds, including money market funds, generally offer multiple share classes (such as Class A, B, and C, or Institutional classes) based on eligibility or purchase requirements, such as minimum dollar thresholds or advisory program eligibility.

Key Differences in Share Classes:

- Institutional Share Classes: Typically have lower expense ratios and do not pay 12b-1 fees.
- Retail Share Classes: Clients invested in mutual funds with high expense ratios and 12b-1 fees will pay more in expenses and, over time, are likely to experience lower returns than clients in lower-cost share classes with similar strategies.

Conflict of Interest: HTK has a financial incentive to recommend or select share classes with higher expense ratios, including 12b-1 fees, because such share classes generally result in higher compensation to HTK.

HTK addresses this conflict by:

- Automatically crediting to client accounts all 12b-1 fees paid to HTK that are attributable to mutual fund holdings in certain advisory accounts within HTK's Advisory Series Program.
- Disclosing the conflict presented.
- Providing education, guidance, and supervision to HTK Advisers on this issue.

Important Client Note: Regardless of these 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.

## **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](http://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](http://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](http://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, interSYNC, 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 interSYNC. Please visit [HTK.com/for-clients](http://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, interSYNC, 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/for-clients](http://htk.com/for-clients). 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](http://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](http://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](http://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 transferable.

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 interSYNC with greater or lesser interest revenue compared to other Program Banks. HTK, Pershing, and interSYNC 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 transaction 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 fund 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 success in managing a client’s assets, or a fee based on a 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 a client’s funds in an attempt to generate higher compensation.

### **Item 7. Types of Clients**

HTK primarily serves individuals, high-net-worth individuals, trusts, businesses, and charitable organizations, as well as retirement assets of individuals and businesses. This includes:

- Individual Retirement Accounts (IRAs)
- IRC 403(b) and 457 programs
- Employer-sponsored ERISA plans
- Taxable Accounts

### **Account Eligibility**

Clients may open both qualified and non-qualified accounts with HTK; however, 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 asset eligibility and should refer to their applicable plan provider for more detailed information regarding account minimums and other conditions.

## Account Minimums and Requirements

### TPAM

Account minimums for TPAMs may vary depending on the specific platform manager or custodian. Clients should refer to the respective TPAM disclosure brochure for detailed account requirements.

### Financial Planning and Consulting Services

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

### Retirement Plan Consulting Services (RPCS)

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.

## **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 initial and subsequent meetings, your Adviser will discuss the specific methods used for your account. These strategies may include:

- Asset Allocation: A strategy aiming to balance risk and reward by allocating assets among a variety of classes. The theory is that each class performs differently in various market conditions. Asset allocation does not guarantee a profit or protect against loss.
- Diversification: A risk management strategy using a wide variety of investments 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): The strategy of buying a fixed dollar amount of an investment on a regular schedule. More shares are purchased when prices are low, and fewer when prices are high. DCA does not prevent losses in declining markets.
- Fundamental Analysis: Concentrates on quantitative factors such as earnings, financial statements, and management quality to determine a company's financial strength.
- Technical Analysis: Utilizes statistics and "chart analysis" to determine trends in security prices, focusing on trading volume, demand, and price fluctuations.
- Concentrated Investment Strategies: Strategies concentrated in a specific sector or industry. These are more volatile as the risk associated with each company represents a larger percentage of overall portfolio value.

Adviser Discretion: Because Advisers develop their own methods and strategies, recommendations and advice may differ among clients and among Advisers.

### Risk of Loss

Investing involves some level of risk including the potential to lose the entire amount of the invested principal.

- No Guarantees: Neither HTK nor its Advisers represents, guarantees, or implies that services or methods of analysis can or will predict future results, identify market tops or bottoms, or insulate clients from losses.
- Past Performance: Past performance of a security or a fund is not necessarily indicative of future

performance or risk of loss.

### *Equity Securities (Stocks)*

Investing in equity securities generally involves becoming an owner in the issuer company and participating fully in its economic risks.

- **Market Volatility:** The value of equity securities (public or private, listed or unlisted) and equity derivatives generally varies with the performance of the issuer and movements in the equity markets.
- **Loss Potential:** Clients can suffer losses if they invest in equity instruments of issuers.

### *Fixed Income (Bonds)*

An issuer of bonds agrees to return the face value of the security at maturity and typically pays a fixed rate of interest. While generally more conservative than equities, bonds carry several risks:

- **Default Risk:** The risk that the issuer will default on the payment of principal.
- **Interest Rate Risk:** Fluctuations in market interest rates can affect bond values.
- **Inflation & Counterparty Risk:** The risk that inflation will erode purchasing power or that counterparties will be unable to meet contractual obligations.

### *Mutual Funds and Exchange-Traded Funds (ETFs)*

Mutual funds and ETFs own underlying securities and are exposed to the inherent risks of those individual companies.

- **Fund Expenses:** Returns are reduced by management fees, transaction costs, and other expenses passed through to shareholders (including "no-load" funds).
- **Net Asset Value (NAV):** Mutual fund shares fluctuate in value, rising and falling based on the performance of the underlying securities.
- **Alternative Mutual Funds:** These involve special risks including short sales, leverage, regulatory changes, and potential illiquidity. These strategies present the opportunity for significant losses.
- **ETF Specific Risks:** ETFs include market, tax, and portfolio risks. During extreme market volatility, ETF pricing can lag behind actual underlying asset values.

Mutual funds and other pooled investment vehicles provide detailed risk discussions in their prospectus. Clients should review these disclosure documents carefully and work with their Adviser to address any questions.

### *Diversification and Concentration Risks*

While the goal of diversification is to balance risks across assets that move in different cycles, it is not always successful.

- **Concentration:** Risks are significantly increased if a fund is concentrated in a particular sector, invests in small-cap/speculative companies, or uses significant leverage.
- **Correlation Risk:** In certain circumstances, price movements become highly correlated across securities and funds, failing to provide the intended protection.
- **Strategy Risk:** There is a risk that the firm's strategies and analytical methods will not be successful in identifying appropriate investment opportunities or achieving desired diversification levels.

### *Alternative Investments*

Alternative investments involve additional risks and may not be suitable for all clients.

- **Complex Structures:** These often use non-traditional strategies such as leverage, derivatives, short sales, or hedging techniques.
- **Volatility:** These investments may experience increased volatility and losses, with no assurance they will achieve their objectives or protect against loss
- **Liquidity Risk:** Liquidity risk refers to the possibility that certain investments may become difficult to sell at an advantageous price during adverse or volatile market or economic conditions. Periods of market stress can reduce the availability of buyers, which may force sales at unfavorable times or prices. Securities that are illiquid may also be more difficult to value accurately.

### *Cybersecurity Risk*

In addition to investment risks, clients should be aware of cybersecurity threats. HTK, its Advisers, and service providers use a variety of protections designed to prevent damage or interruption from computer viruses, network failures, or unauthorized access.

- **Mitigation Efforts:** These protections are intended to carry out routine business operations securely and include various defensive measures for systems, networks, and devices.
- **Residual Risk:** While HTK and its providers employ these various protections to mitigate threats, these measures cannot eliminate all risks, and systems or networks remain subject to potential breach or compromise.
- **Potential Impact:** Despite mitigation efforts, a cybersecurity breach could still occur, resulting in disruptions to business operations, financial losses to a client, or impeded trading functionality.

### **Item 9. Disciplinary Information**

HTK does not have any disciplinary matters to disclose relating to the HTK advisory business. Detailed information regarding HTK's disciplinary history is available in Part 1 of Form ADV on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Consistent with the requirements of Form ADV Part 2A, the following information is provided regarding disciplinary matters related to HTK's brokerage activities:

Acceptance, Waiver and Consent (AWC) - March 21, 2023

On March 21, 2023, HTK entered into an AWC with FINRA regarding the supervision of a registered representative's disclosed, but unapproved, outside business activity (OBA). Without admitting or denying the findings, HTK consented to findings regarding its supervision of an OBA involving the sale of a security described as a structured cash flow investment and agreed to pay a fine of \$180,000.

Acceptance, Waiver and Consent (AWC) - November 14, 2017

On November 14, 2017, HTK entered into an AWC with FINRA regarding supervisory procedures for certain multi-class variable annuity sales, including L-Share contracts. Without admitting or denying the findings, HTK consented to findings regarding the implementation of supervisory procedures related to these specific annuity products and agreed to pay a fine of \$275,000.

## **Item 10. Other Financial Industry Activities and Affiliations**

### **Broker-Dealer Registration**

HTK is registered with the SEC as an investment adviser and is also a registered broker-dealer.

- **Dual Registration:** HTK Advisers may be registered representatives of the HTK broker-dealer. In this capacity, they may receive transaction-based compensation for products such as annuities and 529 Plans where HTK is the broker of record.
- **Conflict of Interest:** This creates an incentive to recommend products based on additional compensation rather than client needs.
- **Mitigation:** HTK addresses this conflict through this disclosure and by prohibiting Advisers from receiving both advisory fees and transaction-based compensation on the same assets.

### *Clearing and Custodial Arrangements*

Pershing serves as the correspondent clearing firm for HTK. HTK introduces client transactions to Pershing for execution, clearance, and settlement.

- **Advisory Series Program:** Clients in this program must establish a securities brokerage account with HTK and use Pershing for custodial and execution services.
- **Exclusivity:** While not required by law to use Pershing, clients participating in the HTK Advisory Series Program are not permitted to select a different clearing broker-dealer due to HTK's specific arrangement with Pershing.
- **Affiliation:** HTK and Pershing are unaffiliated entities.

### *Material Affiliations*

HTK is a wholly owned subsidiary of 1847 Financial, LLC, which is a wholly owned subsidiary of Penn Mutual. HTK serves as a principal underwriter and distributor for variable life and annuity products issued by Penn Mutual and its affiliate, The Penn Insurance and Annuity Company (PIA).

- **Insurance Agency Status:** Most HTK Advisers are licensed insurance agents with Penn Mutual. They receive commissions for the sale of insurance products, which may include recognition, events, and conferences.
- **Conflicts of Interest:** These arrangements create an incentive to recommend products offered by affiliated companies. Furthermore, if a client implements securities transactions through HTK, the firm and its representatives receive commissions.
- **Client Autonomy:** Clients are under no obligation to use HTK or its affiliates to implement recommendations. HTK addresses these conflicts through disclosure and by advising clients that they may purchase insurance products through non-affiliated sources.

### *Outside Business Activities (OBAs)*

Some Advisers operate independent companies (OBAs) that are separate from HTK's brokerage and advisory services.

- **Services:** These may include accounting/tax practices, business consulting, insurance agencies, or legal services.
- **Capacity:** OBA services are performed solely in the Adviser's private/professional capacity and not as a representative of HTK.

### *Lending and Banking Referrals*

HTK works with banking institutions to provide services such as security-backed lines of credit (SBLOC), unsecured loans, and real estate loans.

- Non-Fiduciary Capacity: These referrals are an ancillary service; they are not part of any Advisory Program. Advisers act as intermediaries but do not act in a fiduciary capacity regarding these referrals.
- Compensation: HTK receives a fee from the lender based on the loan amount. HTK Advisers are not compensated for these referrals. Restrictions: Loan proceeds may not be used to purchase securities.

### **Affiliated Investment Adviser**

Penn Mutual Asset Management, LLC (PMAM), a Registered Investment Adviser, is a direct subsidiary of Penn Mutual and a related entity of HTK. PMAM does not provide investment advice for HTK or its clients. PMAM has established investment management agreements with Penn Mutual and its affiliates, including:

- The Penn Insurance Company (PIA)
- 1847 Financial

Penn Series Funds, Inc.: PMAM serves as an investment adviser to the Penn Series Funds, Inc. PMAM does not utilize HTK's broker-dealer services when providing investment management to its clients.

### *Conflicts of Interest*

HTK, 1847 Financial, and PMAM have Managers and Officers in common.

- Potential Conflicts: This shared leadership creates potential conflicts between the business interests of these entities and the business interests of HTK clients.
- Mitigation: HTK addresses these conflicts through this disclosure and by providing full transparency regarding the role of affiliates in all applicable product and account-level disclosures.

### **Information Regarding CFP® Certificants**

Certain HTK Advisers may hold the Certified Financial Planner™ (CFP®) designation.

- Standards of Conduct: If an Adviser is a CFP® certificant, they acknowledge their obligation to adhere to the standards established in the CFP Board's Standards of Professional Conduct.
- Fiduciary Duty: This includes the fiduciary duty of care as defined by the CFP Board.
- Reporting Violations: If a client becomes aware that their Adviser's conduct may violate these Standards, they may contact the CFP Board at [www.cfp.net/complaint](http://www.cfp.net/complaint).

### *Certification Ownership*

The Certified Financial Planner Board of Standards, Inc. owns the certification marks CFP®, Certified Financial Planner™, and federally registered CFP in the U.S. These marks are awarded to individuals who successfully complete the 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, referred to as "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.

### *Code of Ethics*

In addition to our values statement, HTK has adopted a formal Code of Ethics. This document sets forth specific standards of conduct, requires strict compliance with applicable securities laws, and reflects the core fiduciary principles of our industry.

- Annual Attestation: Advisers and other supervised persons are required to attest to their understanding and acceptance of HTK's Code of Ethics on an annual basis.
- Availability: HTK will provide a complete copy of our Code of Ethics to any client or prospective client upon request.

### **Participation or Interest in Personal Trading - Client Recommendations**

HTK has adopted policies intended to ensure that the business activities of Advisers and associated persons are conducted in accordance with applicable laws, regulations, Our Shared Commitment, and our Code of Ethics.

- Prohibited Conduct: HTK expressly prohibits any Adviser or related person from improperly profiting at the expense of our clients or competing with a client's trade.
- Concurrent Trading: Advisers and related persons are permitted to buy or sell securities identical to those recommended to clients.
- Priority of Execution: As a general practice, client purchases and sales must be executed before transactions are made in an Adviser's and/or related person's accounts.

### *Protection of Non-Public Information*

HTK has adopted policies designed to prevent unauthorized access to non-public information regarding securities recommendations, client holdings, and transactions.

- Need-to-Know Access: Access to such information is restricted to employees who require it to perform their professional duties.
- Insider Trading: It is strictly against HTK policy for any "access person" to place a trade in their own

account or a client's account based on material, non-public information.

### *Oversight of Access Persons*

HTK defines an "access person" as any director, officer, Adviser, or other person supervised by HTK who may have access to non-public information or who makes securities recommendations to advisory clients.

- Account Disclosure: All access persons are required to disclose all personal brokerage accounts in which they have either direct or indirect beneficial ownership.
- Transaction Reporting: Access persons must provide information on all securities transactions involving reportable securities.
- Compliance Review: HTK periodically reviews activity in these disclosed personal accounts to verify compliance with firm policies and applicable securities laws.

## **Item 12. Brokerage Practices**

### **Brokerage Accounts**

While not required by law to use Pershing, clients participating in the HTK Advisory Series Program are not permitted to select a different clearing broker-dealer due to HTK's specific arrangement with Pershing.

### **Retirement Plan Consulting Services (RPCS)**

In connection with RPCS services, an Adviser has the discretion to recommend that a retirement plan utilize specific retirement plan platforms or service providers, such as record-keepers or administrators.

- Dual Capacity: For certain retirement plans, HTK and the Adviser serve as the broker-dealer of record in connection with the sale of securities or insurance products to such plans.
- ERISA and Tax Code Compliance: For retirement plans subject to ERISA or Section 4975 of the Internal Revenue Code, specific fee-offsetting procedures apply to maintain compliance and manage conflicts of interest.
- Fee Offsetting: Any 12b-1 fees paid by product sponsors to HTK and the Adviser (acting as broker-dealer) are used to offset the RPCS Fee charged to the retirement plan.

## **Item 13. Review of Accounts**

### **Account Monitoring and Review**

HTK Advisers periodically review client accounts to evaluate whether portfolio performance, diversification, and risk levels remain appropriate, while also considering the transaction costs associated with any potential changes. For clients participating in Co-Advisory or Wrap Fee Program TPAM accounts, HTK also conducts periodic reviews to confirm that the Third-Party Asset Manager and its managers remain within their stated investment styles and that the account continues to align with current investment objectives and financial goals. For more details on these specific processes, clients should consult the applicable TPAM's own disclosure documents.

### **Supervisory Oversight and Specialized Services**

HTK supervisory personnel further oversee client accounts and advisory services to identify any situations that may warrant detailed review or specific action. These supervisory reviews focus on key factors such as suitability, fees, and investment results. While HTK provides robust oversight for most programs, it is important to note that in Promoter relationships, neither HTK nor its Advisers provide ongoing monitoring of a referred asset or account.

## **Item 14. Client Referrals and Other Compensation**

### **Marketing Partners Program**

HTK's Marketing Partners Program is designed to provide managed account program sponsors access to HTK's network of Advisers for marketing, training, and education purposes.

- **Sponsor Benefits:** Supporting sponsors compensate HTK for increased access to Advisers. This access includes featured content in newsletters, listings on internal websites, and participation in regional marketing initiatives and educational conferences.
- **HTK's Role:** HTK publicizes and promotes the products, sales ideas, and marketing materials of these sponsors to its Advisers.
- **Conflict of Interest:** While Marketing Partners pay for greater access, Advisers are not required to promote a partner's specific products.
- **Mitigation:** Regardless of a sponsor's participation in this program, all recommendations made by Advisers must be based on product suitability and client's stated investment and financial objectives.

### *Production Bonuses and Affiliated Products*

Advisers are eligible to receive production bonuses based on reaching specific levels of sales or assets under management (AUM).

- **Incentive Conflict:** A potential conflict of interest exists when HTK or its Advisers recommend certain affiliated products, as HTK may retain a greater share of the revenue from those products compared to non-affiliated options.

### *Incentives, Prizes, and Awards*

Advisers may receive incentives, prizes, awards, and reimbursements for advertising or promotions offered by third-party product promoters (e.g., mutual fund companies).

- **Firm Policy:** HTK permits Advisers to accept such awards provided they are "usual and customary" within the industry and comply with SEC, FINRA, and state regulations.
- **Conflict of Interest:** Receiving these incentives creates a conflict of interest, as it may influence an Adviser's recommendation of a specific product or service.
- **Mitigation:** HTK addresses these conflicts through this disclosure and internal policies designed to monitor compliance with regulatory requirements.

### *Third-Party Referrals and Lead Generation*

Advisers may compensate third parties, including lead generation services, in connection with client referrals. Any such arrangements are conducted in a manner consistent with applicable regulatory requirements.

## **Item 15. Custody**

### **Custodial Practices**

HTK does not have custody of client funds or securities, as all client assets are held by a qualified custodian such as a broker-dealer or bank. Clients will receive account statements directly from these custodians at least quarterly, or more frequently depending on account activity, and are encouraged to review these statements carefully to confirm the accuracy of all holdings and transactions.

For clients participating in programs managed by a Third-Party Asset Manager (TPAM), additional information regarding specific custodial practices and policies can be found in the respective TPAM's Disclosure Brochure.

## **Item 16. Investment Discretion**

HTK offers both discretionary and non-discretionary account arrangements. The specific level of authority granted depends on the terms of the client's agreement and the account type selected.

### **Non-Discretionary Accounts**

In non-discretionary arrangements, Advisers generally do not have the authority to make investment decisions without client involvement. Consequently, the Adviser must obtain explicit approval before executing any transactions, ensuring clients maintain ultimate control over which securities are purchased, sold, or held in the account.

### **Discretionary Accounts**

In discretionary arrangements, clients grant HTK or the Adviser the authority to manage the portfolio dynamically through a limited power of attorney. This grant of authority allows the Adviser to determine which securities to purchase, sell, or hold in the account without prior consultation for each individual transaction, ensuring that all executions align with the stated investment objectives and risk tolerance as outlined in the initial agreement.

## **Item 17. Voting Client Securities**

### **Proxy Voting Policy**

HTK and its Advisers do not directly vote proxies for client accounts, as the responsibility for voting remains entirely with clients. Clients will receive proxies or other solicitations directly from their account custodian or transfer agent; however, in the event that HTK or an Adviser receives proxy or legal proceeding information, they will forward these documents to clients to ensure the clients can take whatever action they deem advisable under the circumstances.

### **TPAM Proxy Voting**

For clients participating in programs managed by a Third-Party Asset Manager (TPAM), additional information concerning specific proxy voting policies and procedures should be sought directly from the respective TPAM's Disclosure Brochure. Furthermore, clients may obtain a copy of a TPAM's proxy voting policies and procedures directly from the manager upon request.

## **Item 18. Financial Information**

### **Financial Condition**

HTK has no financial condition that would impair its ability to meet any contractual commitments to its clients.

### **Bankruptcy History**

HTK has not been the subject of a bankruptcy petition at any time during the past ten years.