

Item 1. Cover Page



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

HTK Wrap Fee Program Brochure

As of April 24, 2026

(Form ADV Part 2A Appendix)

This Wrap Fee 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.

Registration as an investment adviser 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 Appendix 1 of Form ADV: Wrap Fee Program Disclosure Brochure. The previous update of this Brochure was dated August 11, 2025. There have been no material changes to this Brochure since that last update.

To request a copy of this 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 or from the SEC's Investment Adviser Public Disclosure (IAPD) website at www.adviserinfo.sec.gov.

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Item 4. Services, Fees and Compensation

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.

Our Wrap Fee Programs

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

HTK Wrap Fee Programs include:

- HTK Professional Asset Management Program (PAM)
- HTK Adviser as Portfolio Manager (Adviser as PM)
 - HTK Non-Discretionary Asset Management Account (Mutual Fund Only) (NDMA6)
 - HTK Non-Discretionary Asset Management Account (NDMA7)
 - HTK Discretionary Asset Management Account (DMA)
- HTK Fee-Based Annuity (FBA)
- HTK Asset Management Program (AMP)

A Wrap Fee Program is an investment advisory program in which clients pay one bundled fee to compensate HTK and the Adviser for their services and to pay the transaction and clearing costs associated with transactions in advisory accounts. HTK offers Wrap Fee Programs in addition to the advisory services described in the HTK Disclosure Brochure. The HTK Disclosure Brochure is a separate document that is provided by the Adviser along with this Wrap Fee Program Brochure and the Adviser's Brochure Supplement before or at the time clients engage with the Adviser. If clients do not receive one or both of these brochures, clients should contact the Adviser or HTK at (800) 873-7637.

Program Structure and Costs

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

Tailoring and Restrictions

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

Account Funding and Initial Costs

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

Account Review and Monitoring

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

Legal, Tax, and Accounting Disclaimer

The investment recommendations and advice offered by HTK and its Adviser are not legal, tax, or accounting advice. Clients should consult with their personal attorney, tax professional, or accountant. Unless independent of their relationship with HTK, neither HTK nor its Advisers are qualified and appropriately licensed to offer legal, tax, or accounting advice.

Description of Wrap Fee Programs and Fees

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

HTK Advisory Series Programs

For HTK advisory series programs, HTK entered into an agreement with Envestnet Portfolio Solutions, Inc. (Envestnet), a provider of wealth management software and services to financial advisers. Through this agreement, Envestnet provides technology, operational and administrative support services to HTK in connection with the HTK advisory series program accounts. Envestnet assists HTK with a variety of account processing and maintenance duties, including client account initiation and setup, client account trading and processing, custodial reconciliation, and the computation and preparation of client reports. In some of these programs, Envestnet provides operational and administrative services such as performance reports, asset allocation models, client proposals, data aggregation services, and fee calculation services. In other programs, Envestnet serves as the portfolio manager and provides discretionary advice for client accounts. For these programs, Pershing LLC is the primary custodian. HTK and Envestnet are not affiliated companies.

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

HTK Professional Asset Management Program (PAM)

With the HTK PAM Program, in consultation with the Adviser, clients can select from a variety of institutional asset managers through Envestnet, or create custom solutions by combining multiple managers (strategists or separately managed accounts (SMAs)) in a single account. Portfolios offered by HTK for the PAM Program are subject to HTK's due diligence process and requirements. The managers and/or strategists have ongoing discretion within the PAM advisory account(s).

There are two options available within the PAM Program:

- Multi-Manager
- Single Strategist

Under these programs, clients select a Strategist and a portfolio model created by the Strategist. Clients may customize portfolio models using ETFs, mutual funds, or equities. HTK under the Envestnet relationship also offers PMC Outsourced Consulting, also known as Private Wealth Consulting (PWC). PWC is a solution for high-net-worth clients with a minimum net worth of \$1,000,000.

PWC offers clients custom managed portfolios created and managed by PMC that access multiple asset managers. Some of these strategies may utilize PMC Funds which Envestnet serves as the investment advisor to the PMC Funds, and may receive fees for both the PMC Funds and fees as the manager, Envestnet makes a corresponding fee reduction to the fee that Envestnet normally charges for managing in order to offset the fees it receives as a result of those assets being invested in the PMC Funds.

The Single Strategist option also includes portfolios from the PMC Foundations series (PMC). These portfolios are a component of Envestnet and PMC's wealth advisory offerings for clients with smaller account balances. Clients should refer to Envestnet's Disclosure Brochure for further details on Envestnet programs.

HTK Adviser as Portfolio Manager (Adviser as PM) Program

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

There are three options available within the Adviser as PM Program:

- NDMA6
- NDMA7
- DMA

The DMA Program currently offers seven risk levels: Capital Preservation, Conservative, Conservative Growth, Moderate, Moderate Growth, Growth, and Aggressive Growth. Model asset allocations for the recommended risk level are provided to the Adviser, based on historical risk and return characteristics. The Adviser can use the model asset allocation or another allocation, provided the alternative allocation falls within the risk tolerance band. DMA accounts are not permitted to use margin.

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

HTK Fee-Based Annuity Platform (FBA)

FBA is available through Envestnet. It offers a suite of fee-based annuities from a variety of insurance carriers. With FBA, clients, in consultation with their Adviser, have the ability to invest in annuities that are designed to be held in a fee-based advisory account.

Through FBA, the Adviser will recommend an annuity with an investment allocation in the subaccounts along with any additional features and/or benefits made available in the annuity contract based on the risk profile, goals and/or objectives. HTK and the Adviser will not have discretionary authority and clients must make all investment decisions.

Clients and the Adviser should discuss the timing and frequency of rebalancing the sub-accounts, if applicable, to maintain the asset allocation model. The minimum account size for FBA is generally \$10,000.

HTK AMP (AMP)

AMP is an asset management program utilizing stocks, bonds, mutual funds without a sales charge (no load or load waived), ETFs, options and UITs. Only certain Advisers may offer this program to their clients. In AMP, assets are either managed on a discretionary basis (limited to mutual funds only) or a non-discretionary basis. Custom asset allocation models are created to meet client's needs. Clients should refer to the Investment Advisory Agreement for details and terms and conditions of the program.

Based on the information gathered during the profiling process, clients, working with the Adviser, selects both the asset allocation strategy and the securities in the account. The Adviser assists clients in making investment decisions for AMP and clients agree to furnish HTK and the Adviser with any information that might change the recommendation. Clients receive a quarterly performance report for AMP account(s).

With limited discretion in the AMP mutual fund only program, Advisers will use an array of investment methodologies to provide advice to clients, and different clients whose accounts are assigned the same risk level may hold different securities in their accounts and experience different performance from one another.

Fees and Compensation

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

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

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

Wrap Fee Schedule for PAM Programs; Multi-Manager and Single Strategist (Excluding PMC)

The total maximum wrap fee is comprised of the PAM Program fee plus the Adviser fee that clients and the Adviser agree upon, plus a manager fee (e.g., the fee assessed by any Strategist or SMA investment manager), plus any tax and/or impact overlay services fees. Please also refer to the HTK Investment Advisory Agreement for further details.

The program fee includes all the Envestnet services provided, such as the proposal generation platform, research and analytical tools for the investment solutions, ongoing monitoring of accounts, billing, and performance reporting, which is available electronically (on demand and/or quarterly). This fee also includes all the Pershing trading costs and custody services. HTK receives the program fee paid by clients.

The manager fee will only apply when using PAM Strategists and/or SMA Managers. Manager fee rates vary by Adviser, PAM Strategist, and/or SMA Manager. For PAM Strategists, it covers the investment management of the

model portfolio, which is separate from the mutual fund/ETF expenses of the underlying holdings. For SMAs, it covers the management of the portfolio. In addition, this fee includes the data integration and ongoing research provided by Envestnet through the platform.

Tax and/or impact overlay services are optional and may be applied to either PAM Strategist and/or SMA accounts. Clients should consult with the Adviser as to whether these services may be appropriate based on the individual needs. Please consult with the Adviser as to the specific strategist or investment manager fee. Tax and/or Impact Overlay Service Fees generally start at 0.10% and may be lower depending on total PAM and/or SMA account asset values. These services are provided by Envestnet.

PAM Account Fee	
Minimum Investment Amount	Total Maximum Wrap Fee
\$25,000	2.50%*

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

Clients should consult with their Adviser to determine if they are receiving all eligible fee breakpoints. Fees are charged on a retroactive basis based on cumulative assets; each breakpoint will be reached with the next additional dollar.

The annual minimum fee is \$200. The annual minimum client fee is assessed when the calculated quarterly advisory fee falls below this minimum fee. This fee is charged on each client account or all accounts in the aggregate, if accounts are linked.

Wrap Fee schedule for PAM; Single Strategist - PMC Foundations Portfolios:

The total maximum wrap fee is comprised of the Program Fee plus the Adviser fee that clients and the Adviser agree upon. The Program Fee includes all the Envestnet services provided, such as the proposal generation platform, research and analytical tools for the investment solutions, ongoing monitoring of accounts, billing, and performance reporting, which is available electronically (on demand and/or quarterly). This fee also includes all the Pershing trading costs and custody services. HTK receives the Program Fee paid by clients. Please also refer to the HTK Investment Advisory Agreement for further details.

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

The annual minimum fee is \$40. The annual minimum client fee is assessed when the calculated quarterly advisory fee falls below this minimum fee. This fee is charged on each client account or all accounts in the aggregate if accounts are linked.

Certain Strategists, available through Envestnet, pursue an investment strategy that uses their proprietary funds, or underlying mutual funds or ETFs advised by the Strategist or its affiliate(s). In these situations, the Strategist or its affiliate(s) will receive fees from the proprietary funds as detailed in the proprietary fund’s prospectus. These fees will be in addition to the model provider fees that a Strategist receives in PAM and they create a financial incentive for the Strategist to use proprietary funds. Clients should discuss any questions with their Adviser concerning the use of proprietary funds in model portfolios or related conflicts of interest.

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

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

Adviser as PM Program Fee	
Minimum Investment Amount	Total Maximum Wrap Fee
\$15,000	1.75%

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

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

Additional Information About Fees and Billing

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

- Initial fees are charged on the date the assets fund the account (inception date) and are based on the asset value on that date. This fee is charged in advance and will cover the period from the inception date through the last day of the billing quarter and will be pro-rated accordingly. Pro-rated fees are processed monthly.
- Fees are deducted from the account on a quarterly basis in advance, in accordance with the Investment Advisory Agreement. This fee is based on the average daily balance of the account during the previous quarter. These fees are processed in January, April, July and October.
- All trading fees are included in the Program Fee.
- All 12b-1 payments (if any) that are associated with mutual funds in HTK advisory series accounts are credited back to clients.

Wrap Fee Schedule for HTK Fee-Based Annuity Platform (FBA)

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

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

The annual minimum fee is \$200. The annual minimum client fee is assessed when the calculated quarterly advisory fee falls below this minimum fee. This fee is charged on each client account.

Wrap Fee Schedule for HTK AMP Program

The total maximum wrap fee is comprised of the program fee plus the Adviser fee that clients and the Adviser agree upon. Please also refer to the HTK Investment Advisory Agreement for further details. The program fee includes advice, management, and monitoring services provided in connection with HTK AMP accounts. Pershing, LLC (the clearing broker-dealer for AMP) also receives a portion of the Wrap Fee for providing trading costs, client billing and performance reporting. Investnet receives a portion of the Wrap Fee for providing monitoring services for HTK AMP accounts.

HTK AMP Fee

Minimum Investment Amount	Total Maximum Wrap Fee
\$25,000	1.75%

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

The annual client minimum is \$140. The annual minimum client fee is assessed when the calculated quarterly advisory fee falls below this minimum fee. This fee is charged on each client account.

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

Investments in Funds

Clients should be aware that when assets are invested in shares of mutual funds, ETFs, closed-end funds, UITs, or other pooled investment vehicles (simply, an entity that allows investors to pool their money which is then invested by a fund manager on behalf of the fund). As such, clients will pay both the advisory fees to HTK and, indirectly, the pro-rata share of any management fees or expenses related to owning those investments.

Clients can invest directly in these pooled investment vehicles without incurring the fees charged by HTK. Please refer to the pooled investment vehicle prospectus and other disclosures for more information. In addition, there can be tax consequences for fund share redemptions made by or on behalf of clients, as well as deferred sales charges or redemption fees. Short-term redemption fees can be applied if a fund has been held for less than three (3) months.

Incentive for Recommending a Wrap Fee Program

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

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

HTK and Advisers receive compensation from advisers and distributors of certain mutual funds (Distributors) that have Rule 12b-1 distribution plans. A mutual fund's 12b-1 distribution plan is typically disclosed in the applicable mutual fund's prospectus.

HTK's receipt of 12b-1 fees presents a conflict of interest between HTK and its clients as HTK is incentivized to invest client assets in mutual funds that pay HTK 12b-1 fees, preferring these to funds that have no such fees or that have lower fees. HTK addresses this conflict through this disclosure and by automatically crediting to client accounts all 12b-1 fees generated by mutual funds owned by HTK clients in its Wrap Fee Programs outside of the Pershing cash sweep program.

Revenue Sharing from Pershing, LLC

Introduction

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

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

What is the FDIC?

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

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

Note that HTK is not an FDIC-insured bank.

What is SIPC?

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

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

Interest to be Paid

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

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. ERISA Plan accounts and Discretionary Accounts, should they participate in HTK’s sweep program, will sweep to the Federated Hermes Government Obligations Fund (“GOSXX”), a Fund which is not FDIC eligible and currently available as an HTK Sweep Product for only these types of accounts.

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

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

Bank Deposits

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

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

Program Bank List

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

Deposit Procedures

Your participation in the FDIC-Eligible Bank Deposit Sweep Product will cause the free-credit balances in your accounts to be swept each day into the deposit accounts at Program Banks. Although each deposit account constitutes a direct obligation of the Program Bank to you, you will not have a direct account relationship with the Program Banks, and you will not be able to instruct the Program Bank to process deposits or withdrawals from 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 5. Account Requirements and 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 range from \$5,000 for certain portfolios available to over \$100,000 for certain SMAs made available within the PAM Multi-Manager program. Account minimums are subject to change. Please see Wrap Fee Program Descriptions under Item 4 for further information as well as refer to the disclosure documents of the applicable Strategist and/or SMA Manager for more detailed information regarding account minimums and other conditions. Clients retain ownership of the cash and securities in the account. HTK reserves the right to terminate the agreement at any time if portfolio assets are less than \$10,000.

Item 6. Portfolio Manager Selection

Portfolio Manager Selection

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

Program Parameters and Securities

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

Adviser Oversight and Termination

HTK reviews the services performed by the Adviser. HTK monitors for consistency; namely, that services provided by the Adviser align with program parameters and the policies and procedures of HTK. If the Adviser leaves HTK, HTK will notify clients in writing of the termination of their HTK Investment Advisory Agreement and the advisory account will be reclassified as a brokerage account custodied with Pershing, LLC. The account will no longer receive any further management by HTK unless a new Adviser is appointed to the account and a new HTK Investment Advisory Agreement is executed.

Performance-Based Fees and Side-by-Side Management

HTK and Advisers do not receive performance-based fees. 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.

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.

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 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 7. Client Information Provided to Portfolio Managers

HTK Advisers meet with their clients periodically to provide assurance that client information is accurate and current. HTK provides relevant client information to portfolio managers and third-party service providers, as applicable, in connection with the advisory services provided to clients.

Item 8. Client Contact with Portfolio Managers

Clients should work with their Adviser if they have questions regarding their account or the advisory service provided.

Item 9. Additional Information

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.

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 and Annuity 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.