



## **ADV Part 2A Firm Brochure**

### **Hager Investment Management Services, LLC**

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#### **Item 1 – Cover Page**

This brochure provides information about the qualifications and business practices of Hager Investment Management Services, LLC (“HIMS” or “Firm”). If you have any questions about the contents of this brochure, please contact us at (603) 526-4099 or [andrew@hagerinvestments.com](mailto:andrew@hagerinvestments.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Hager Investment Management Services, LLC. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## **Item 2 – Material Changes**

Since the last annual update of this brochure on 2/29/2024, no material changes have occurred.



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## Item 4 – Advisory Business

Hager Investment Management Services, LLC. (“HIMS” or the “Firm”) has been in business since January 1, 2001. Andrew Hager and his father, Peter Hager, are the managing partners and principal owners of the Firm.

### **INVESTMENT MANAGEMENT**

HIMS offers asset management services to advisory Clients. HIMS will offer Clients ongoing asset management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring, and the overall investment program will be based on the above factors.

#### **Discretionary**

When the Client elects to use HIMS on a discretionary basis, the Client will sign a limited trading authorization or equivalent allowing HIMS to determine the securities to be bought or sold and the amount of the securities to be bought or sold. HIMS will have the authority to execute transactions in the account without seeking Client approval on each transaction.

#### **Non-Discretionary**

When the Client elects to use HIMS on a non-discretionary basis, HIMS will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, HIMS will obtain prior Client approval on each and every transaction before executing any transaction.

### **FINANCIAL PLANNING AND CONSULTING**

Financial planning services include an evaluation of a Client's current and future financial state and will be provided by using currently known variables to predict future cash flows, asset values, and withdrawal plans. HIMS will use current net worth, tax liabilities, asset allocation, and future retirement and estate plans in developing financial plans. Topics generally reviewed in a financial plan may include but are not limited to:

- **Financial goals:** Based on an individual's or a family's clearly defined financial goals, including funding a college education for the children, buying a larger home, starting a business, retiring on time, or leaving a legacy. Financial goals should be quantified and set to milestones for tracking.
- **Personal net worth statement:** A snapshot of assets and liabilities serves as a benchmark for measuring progress toward financial goals.
- **Cash flow analysis:** An income and spending plan determines how much can be set aside for debt repayment, savings, and investing each month.
- **Retirement strategy:** A strategy for achieving retirement independent of other financial priorities. Including a strategy for accumulating the required retirement capital and its planned lifetime distribution.
- **Comprehensive risk management plan:** Identify all risk exposures and provide the necessary coverage to protect the family and its assets against financial loss. The risk management plan includes a full review of life and disability insurance, personal liability coverage, property and casualty coverage, and catastrophic coverage.
- **Long-term investment plan:** Include a customized asset allocation strategy based on specific investment objectives and a risk profile. This investment plan sets guidelines for selecting, buying, and selling investments and establishing benchmarks for performance review.
- **Tax reduction strategy:** Identify ways to minimize taxes on personal income to the extent permissible by the tax code. The strategy should include the identification of tax-favored investment vehicles that can reduce the taxation of investment income.



- **Estate preservation:** Help update accounts, review beneficiaries for retirement accounts and life insurance, provide a second look at your current estate planning documents, and prompt you to update your plan when the legal environment changes or you have major life events such as a marriage, death, or births.

If a conflict of interest exists between the interests of HIMS and the interests of the Client, the Client is under no obligation to act upon HIMS's recommendation. If the Client elects to act on any of the recommendations, the Client is under no obligation to affect the transaction through HIMS. Financial plans will be completed and delivered within ninety (90) days, contingent upon the timely delivery of all required documentation.

### **ERISA PLAN SERVICES**

HIMS offers service to qualified and non-qualified retirement plans, including 401(k) plans, 403(b) plans, pension and profit-sharing plans, cash balance plans, and deferred compensation plans. HIMS may act as a 3(21):

**Limited Scope ERISA 3(21) Fiduciary.** HIMS acts as a limited-scope ERISA 3(21) fiduciary that can advise, help, and assist plan sponsors with their investment decisions. As an investment advisor, HIMS has a fiduciary duty to act in the best interest of the Client. The plan sponsor is still ultimately responsible for the decisions made in their plan, though using HIMS can help the plan sponsor delegate liability by following a diligent process.

1. Fiduciary Services are:

- Provide investment advice to the Client about asset classes and investment alternatives available for the Plan in accordance with the Plan's investment policies and objectives. Clients will make the final decision regarding the initial selection, retention, removal, and addition of investment options. HIMS acknowledges that it is a fiduciary as defined in ERISA section 3 (21) (A) (ii).
- Provide investment advice to the Plan Sponsor with respect to the selection of a qualified default investment alternative for participants who are automatically enrolled in the Plan or who have otherwise failed to make investment elections. The Client retains the sole responsibility to provide all notices to the Plan participants required under ERISA Section 404(c) (5) and 404(a)-5.
- Assist in monitoring investment options by preparing periodic investment reports that document investment performance, consistency of fund management, and conformance to the guidelines set forth in the IPS and make recommendations to maintain, remove, or replace investment options.
- Meet with the Client on a periodic basis to discuss the reports and the investment recommendations.

2. Non-fiduciary Services are:

- Assist in the education of Plan participants about general investment information and the investment alternatives available to them under the Plan. Client understands HIMS' assistance in the education of the Plan participants shall be consistent with and within the scope of the Department of Labor's definition of investment education (Department of Labor Interpretive Bulletin 96-1). As such, HIMS is not providing fiduciary advice as defined by ERISA 3(21)(A)(ii) to the Plan participants. HIMS will not provide investment advice concerning the prudence of any investment option or combination of investment options for a particular participant or beneficiary under the Plan.
- Assist in the group enrollment meetings designed to increase retirement plan participation among the employees and investment and financial understanding by the employees.



HIMS may provide these services or, alternatively, may arrange for the Plan's other providers to offer these services, as agreed upon between HIMS and Client.

3. HIMS has no responsibility to provide services related to the following types of assets ("Excluded Assets"):

- Employer securities;
- Real estate (except for real estate funds or publicly traded REITs);
- Stock brokerage accounts or mutual fund windows;
- Participant loans;
- Non-publicly traded partnership interests;
- Other non-publicly traded securities or property (other than collective trusts and similar vehicles) or
- Other hard-to-value or illiquid securities or property.

Excluded Assets will **not** be included in the calculation of Fees paid to HIMS on the ERISA Agreement. Specific services will be outlined in detail to each plan in the 408(b)2 disclosure.

### **Client-Tailored Services and Client-Imposed Restrictions**

The goals and objectives for each Client are documented in our Client files. Investment strategies are created that reflect the stated goals and objectives. Clients may impose restrictions on investing in certain securities or types of securities. These restrictions may, however, prohibit engagement with HIMS.

As of December 31, 2024, HIMS's total assets under management were \$189,406,085. Of that total, \$183,072,985 were managed on a discretionary basis, while \$6,333,100 were managed on a non-discretionary basis. Additionally, the Firm had \$1,961,670 in Assets under Advisement.

## **Item 5 – Fees and Compensation**

### **INVESTMENT MANAGEMENT**

Our fee covers investment management, financial planning, and retirement planning. The standard fee is 0.75% per year for the first \$2,500,000 under management and 0.50% for assets under management over \$2,500,000.

#### **STANDARD PORTFOLIO ANNUAL FEE**

<b>Assets Under Management</b>	<b>Annual Fee</b>
\$0 - \$2,500,000	0.75%
\$2,500,000 +	0.50%

#### **NON-PROFIT FEE**

<b>Assets Under Management</b>	<b>Annual Fee</b>
All Investment Assets	0.50%

Fees are billed quarterly in arrears based on portfolio market values at the end of each calendar quarter. For billing purposes, market values exclude the value of cash equivalent investments. Clients can elect to have



HIMS's fee deducted directly from their investment accounts, or Clients may pay their fees by check. The annual fee is negotiable based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity, anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with Clients, etc.).

### **Additional Fees**

Custodians may charge brokerage commissions, transaction fees, and other related costs on the purchases or sales of mutual funds, equities, bonds, options, margin interest, and exchange-traded funds. Mutual funds, money market funds, and exchange-traded funds may also charge internal management fees, which are disclosed in the fund's prospectus. HIMS does not receive any compensation from these fees. All of these fees are in addition to the management fee the Client pays to HIMS. For more details on the brokerage practices, see Item 12 of this brochure.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Fees are not based on a share of the capital gains or capital appreciation of managed securities. HIMS does not use a performance-based fee structure because of the conflict of interest. Performance-based compensation may create an incentive for HIMS to recommend an investment that may carry a higher degree of risk to the Client.

## **Item 7 – Types of Clients**

HIMS's Clients are generally individuals, small businesses, charities, trusts, estates, high net-worth individuals, and charities. Client relationships vary in scope and length of service.

HIMS requires a minimum household relationship of \$500,000 to enter into an Advisory Agreement. However, HIMS retains the discretion to lower or waive said minimum.

## **Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss**

Investing in securities involves risk of loss that Clients should be prepared to bear. Past performance is not a guarantee of future returns. Security analysis methods may include:

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Cyclical analysis assumes that the markets react in cyclical patterns, which, once identified, can be leveraged to provide performance. The risks with this strategy are twofold: 1) the markets do not always repeat cyclical patterns, and 2) if too many investors begin to implement this strategy, then it changes the very cycles these investors are trying to exploit.

Quantitative analysis deals with measurable factors as distinguished from qualitative considerations, such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

Modern portfolio theory is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.



In developing a financial plan for a Client, HIMS's analysis may include cash flow analysis, investment planning, risk management, tax planning, and estate planning. Based on the information gathered, a detailed strategy is tailored to the Client's specific situation.

The main sources of information include financial newspapers and magazines, annual reports, prospectuses, and filings with the SEC.

### **Investment Strategy**

The investment strategy for a specific Client is based upon the objectives stated by the Client during consultations. The Client may change these objectives at any time by providing written notice to HIMS. Each Client executes a Client profile form or similar form that documents their objectives and their desired investment strategy.

### **Risks of Investments and Strategies Utilized**

**Investing in securities involves risk of loss that Clients should be prepared to bear. HIMS's investment approach constantly keeps the risk of loss in mind. Investors may face the following investment risks:**

**General Investment and Trading Risks.** Clients may invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. The investment program utilizes such investment techniques as option transactions, margin transactions, short sales, leverage, and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which a Client may be subject.

**Interest-rate Risk.** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Inflation Risk.** When any type of inflation is present, a dollar today will buy more than a dollar next year because purchasing power is eroding at the rate of inflation.

**Currency Risk.** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk.** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e., interest rate). This primarily relates to fixed-income securities.

**Liquidity Risk.** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

**Management Risk.** The advisor's investment approach may fail to produce the intended results. If the advisor's assumptions regarding the performance of a specific asset class or fund are not realized in the expected time frame, the overall performance of the Client's portfolio may suffer.

**Trading on Margin.** In a cash account, the risk is limited to the amount of money that has been invested. In a margin account, risk includes the amount of money invested plus the amount that has been loaned. As market conditions fluctuate, the value of marginable securities will also fluctuate, causing a change in the overall account balance and debt ratio. As a result, if the value of the securities held in a margin account depreciates, the Client will be required to deposit additional cash or make full payment of the margin loan to bring the





account back up to maintenance levels. Clients who cannot comply with such a margin call may be sold out or bought in by the brokerage firm.

**Exchange-Traded Funds.** ETFs are a type of index fund bought and sold on a securities exchange. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile, and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including (i) the risk that their prices may not correlate perfectly with changes in the underlying reference units and (ii) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable.

**Mutual Fund Risks.** An investment in mutual funds could lose money over short or even long periods. A mutual fund's share price and total return are expected to fluctuate within a wide range, like the fluctuations of the overall stock market.

**Common Stocks and Equity-Related Securities.** Certain ETFs or mutual funds hold common stock. Prices of common stock react to the economic condition of the company that issued the security, industry and market conditions, and other factors which may fluctuate widely. Investments related to the value of stocks may rise and fall based on an issuer's actual and anticipated earnings, changes in management, the potential for takeovers and acquisitions, and other economic factors. Similarly, the value of other equity-related securities, including preferred stock, warrants, and options, may also vary widely.

**Small- and Mid-Cap Risks.** Certain ETFs and mutual funds hold securities of small- and mid-cap issuers. Securities of small-cap issuers may present greater risks than those of large-cap issuers. For example, some small- and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses, and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts, and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments, and to market rumors than are the market prices of large-cap issuers.

**Futures, Commodities, and Derivative Investments.** Certain ETFs and mutual funds hold commodities, commodities contracts, and/or derivative instruments, including futures, options, and swap agreements. The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts, and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options, and swap agreements also depends upon the price of the commodities underlying them. In addition, Client assets are subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

**Highly Volatile Markets.** The prices of financial instruments can be highly volatile. Price movements of forward and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary, and exchange control programs and policies of governments, and national and international political and economic events and policies. Clients are also subject to the risk of failure of any of the exchanges on which their positions trade or of its clearinghouses.

**Non-U.S. Securities.** Certain ETFs and mutual funds hold securities of non-U.S. issuers. Investments in securities of non-U.S. issuers pose a range of potential risks, which could include expropriation, confiscatory



taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility, and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing, and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers.

**Emerging Markets.** Certain ETFs and mutual funds hold securities of emerging markets issuers. In addition to the risks associated with investments outside of the United States, investments in emerging markets (i.e., the developing countries) may involve additional risks. Emerging markets generally are not as efficient as those in developed countries. In some cases, a market for the security may not exist locally, and transactions will need to be made on a neighboring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform accounting and financial reporting standards, practices, and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices.

**Capitalization Risks.** Investing in Companies within the same market capitalization category carries the risk that the category may be out of favor due to current market conditions or investor sentiment.

**Market Risks.** Turbulence in the financial markets and reduced liquidity may negatively affect the Companies, which could have an adverse effect on each of them. If the securities of the Companies experience poor liquidity, investors may be unable to transact at advantageous times or prices, which may decrease the Company's returns. In addition, there is a risk that policy changes by central governments and governmental agencies, including the Federal Reserve or the European Central Bank, which could include increasing interest rates, could cause increased volatility in financial markets, which could have a negative impact on the Companies. Furthermore, local, regional, or global events such as war, acts of terrorism, the spread of infectious illness or other public health issues, recessions, or other events could have a significant impact on the Companies. For example, the rapid and global spread of a highly contagious novel coronavirus respiratory disease, designated COVID-19, has resulted in extreme volatility in the financial markets and severe losses; reduced liquidity of many Companies' securities; restrictions on international and, in some cases, local travel; significant disruptions to business operations (including business closures); strained healthcare systems; disruptions to supply chains, consumer demand, and employee availability; and widespread uncertainty regarding the duration and long-term effects of this pandemic. Some sectors of the economy and individual issuers have experienced particularly large losses. In addition, the COVID-19 pandemic may result in a sustained economic downturn or a global recession, domestic and foreign political and social instability, damage to diplomatic and international trade relations, and increased volatility and/or decreased liquidity in the securities markets. The Companies' values could decline over short periods due to short-term market movements and over longer periods during market downturns.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment with HIMS.**

## **Item 9 – Disciplinary Information**

HIMS and its management have not been involved in any criminal or civil actions, administrative or self-regulatory enforcement proceedings, nor any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of HIMS or the integrity of its management.



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

HIMS has no other financial industry activities or affiliations. Neither HIMS nor its management persons are registered as a broker-dealer or as broker-dealer representatives. Neither HIMS nor its management persons are registered as futures commission merchants, commodity pool operators, or a commodity trading advisor. Neither HIMS nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest. HIMS does not utilize nor select other advisors.

## **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **Code of Ethics**

The affiliated persons (affiliated persons include employees and/or independent contractors) of HIMS have committed to a Code of Ethics ("Code"). The purpose of our Code is to set forth standards of conduct expected of HIMS-affiliated persons and address conflicts that may arise. The Code defines acceptable behavior for affiliated persons of HIMS. The Code reflects HIMS and its supervised persons' responsibility to act in the best interest of their clients.

One area that the Code addresses is when affiliated persons buy or sell securities for their personal accounts and how to mitigate any conflict of interest with our Clients. We do not allow any affiliated persons to use non-public material information for their personal profit or to use internal research for their personal benefit in conflict with the benefit to our Clients.

HIMS's policy prohibits any person from acting upon or otherwise misusing non-public or inside information. No advisory representative or other affiliated person, officer, or director of HIMS may recommend any transaction in a security or its derivative to advisory Clients or engage in personal securities transactions for a security or its derivatives if the advisory representative possesses material, non-public information regarding the security.

HIMS's Code is based on the guiding principle that the interests of the Client are our top priority. HIMS's officers, directors, advisors, and other affiliated persons have a fiduciary duty to our Clients and must diligently perform that duty to maintain the complete trust and confidence of our Clients. When a conflict arises, it is our obligation to put the Client's interests over the interests of either affiliated persons or the company.

The Code applies to "access" persons. "Access" persons are affiliated persons who have access to non-public information regarding any Clients' purchase or sale of securities, or non-public information regarding the portfolio holdings of any reportable fund, who are involved in making securities recommendations to Clients, or who have access to such recommendations that are non-public.

HIMS will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

### **Recommendations Involving Material Financial Interests**

Neither HIMS nor its related persons recommend to Clients, or buys or sells for Client accounts, securities in which HIMS or a related person has a material financial interest.

### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

HIMS and its affiliated persons may buy or sell securities that are also held by Clients. In order to mitigate conflicts of interest, such as trading ahead of Client transactions, affiliated persons are required to disclose all reportable securities transactions as well as provide HIMS with copies of their brokerage statements.



The Chief Compliance Officer of HIMS is Andrew Hager. They review all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of HIMS receive preferential treatment over associated persons' transactions.

### **Client Securities Recommendations or Trades and Concurrent Advisory Firm Securities Transactions and Conflicts of Interest**

HIMS does not maintain a firm proprietary trading account and does not have a material financial interest in any securities being recommended; therefore, no conflicts of interest exist. However, affiliated persons may buy or sell securities at the same time they buy or sell securities for Clients. In order to mitigate conflicts of interest such as front running, affiliated persons are required to disclose all reportable securities transactions as well as provide HIMS with copies of their brokerage statements.

The Chief Compliance Officer of HIMS is Andrew Hager. They review all trades of the affiliated persons each quarter. The personal trading reviews ensure that the personal trading of affiliated persons does not affect the markets and that Clients of HIMS receive preferential treatment over associated persons' transactions.

## **Item 12 – Brokerage Practices**

### **Selection of Brokers**

Hager Investment Management Services, LLC recommends that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, member SIPC, to maintain custody of client's assets and to effect trades for their accounts. Although HIMS recommends that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. HIMS is independently owned and operated and not affiliated with Schwab.

Schwab provides HIMS with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them, so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. These services are not contingent upon HIMS committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For HIMS, client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Advisor Services also makes available to HIMS other products and services that benefit HIMS but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of HIMS's accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist HIMS in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements), (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing, and other market data; (iv) facilitate payment of HIMS's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping, and client reporting.



Schwab Advisor Services also offers other services intended to help HIMS manage and further develop its business enterprise. These services may include (i) compliance, legal, and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants, and insurance providers. Schwab may make available, arrange, and/or pay third-party vendors for the types of services rendered to HIMS. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to HIMS. Schwab Advisor Services may also provide other benefits, such as educational events or occasional business entertainment of HIMS personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, HIMS may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

The Firm recognizes its responsibility to attain best execution and recognizes that limiting its custodial relationships may affect its ability to provide best execution on a trade-by-trade basis. However, the Firm evaluates its entire custodial relationship in assessing best execution on a client-by-client basis.

### **Research and Other Soft Dollar Benefits**

HIMS currently has no formal soft-dollar arrangements, where specific products or services are paid for with soft dollars generated for the Firm by individual trades the Firm places in client accounts. However, the custodian provides the Firm with certain brokerage and research products and services that qualify as "brokerage or research services" under Section 28(e) of the Securities Exchange Act of 1934 ("Exchange Act").

### **Brokerage for Client Referrals**

HIMS does not receive Client referrals from any custodian or third party in exchange for using that broker-dealer or third party.

### **Directed Brokerage**

HIMS does not allow Client-directed brokerage.

### **Best Execution**

Investment advisors who manage or supervise Client portfolios have a fiduciary obligation of best execution. The determination of what may constitute best execution and price in the execution of a securities transaction by a broker involves a number of considerations and is subjective. Factors affecting brokerage selection include the overall direct net economic result to the portfolios, the efficiency with which the transaction is effected, the ability to affect the transaction where a large block is involved, the operational facilities of the broker-dealer, the value of an ongoing relationship with such broker and the financial strength and stability of the broker. The firm does not receive any portion of the trading fees.

### **Aggregating Trading for Multiple Client Accounts**

When a Client authorizes discretionary management, HIMS is authorized in its discretion to aggregate purchases and sales and other transactions made for the account with purchases and sales and transactions in the same securities for other Clients of HIMS. All Clients participating in the aggregated order shall receive an average share price with all other transaction costs shared on a prorated basis. If aggregation is not allowed or infeasible and individual transactions occur (e.g., withdrawal or liquidation requests, odd-late trades, etc.), an account may potentially be assessed higher costs or less favorable prices than those where aggregation has occurred.





## Item 13 – Review of Accounts

### **Frequency and Nature of Periodic Review and Who Makes Those Reviews**

Account reviews are performed at least annually by Andrew Hager, Managing Partner/CCO of HIMS. Account reviews are performed more frequently when market conditions dictate. Reviews of Client accounts include but are not limited to a review of Client documented risk tolerance, adherence to account objectives, investment time horizon, and suitability criteria, reviewing target allocations of each asset class to identify if there is an opportunity for rebalancing, and reviewing accounts for tax loss harvesting opportunities.

Financial plans are updated as requested by the Client, and pursuant to a new or amended agreement, HIMS suggests updating at least annually.

### **Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Other conditions that may trigger a review of Clients' accounts are changes in the tax laws, new investment information, and changes in a Client's own situation.

### **Content and Frequency of Regular Reports**

At the end of each calendar quarter, each client receives a formal quarterly report provided by HIMS. Clients also receive written account statements no less than quarterly for managed accounts. Account statements are issued by the Client's custodian. Client receives confirmations of each transaction in account from Custodian and an additional statement during any month in which a transaction occurs. HIMS may also send periodic or other event-inspired reports based on market or portfolio activity. Reports will generally be provided in electronic format.

## Item 14 – Client Referrals and Other Compensation

HIMS does not receive any economic benefits from external sources. HIMS does not compensate for Client referrals.

## Item 15 – Custody

All assets are held at qualified custodians, which means the custodians provide account statements directly to Clients at least quarterly. Clients are urged to compare the account statements received directly from their custodians to any documentation or reports prepared by HIMS.

HIMS has custody of funds and/or securities in certain Client accounts where IARs of HIMS act as Trustee, Power of Attorney, or Executor on a Client's account. These accounts are examined on a surprise basis at least annually by an outside public accounting firm unless otherwise exempted.

HIMS is also deemed to have custody of funds for certain accounts where clients have established a standing letter of authorization ("SLOA") that allows the Firm to disburse funds upon client direction to one or more third parties that you designate. HIMS follows the seven conditions provided by the SEC in their No-Action Letter on Custody dated 2/21/2017, which allows the Firm to avoid an annual surprise custody examination of these accounts.

HIMS is deemed to have limited custody of all client accounts because advisory fees are directly deducted from Client accounts by the custodian on behalf of HIMS. HIMS is not affiliated with the custodian. The custodian does not supervise HIMS, its employees, or its activities.



## **Item 16 – Investment Discretion**

Where applicable, Client will authorize HIMS discretionary authority, via the Advisory Agreement, to determine, without obtaining specific Client consent, the securities to be bought or sold and the amount of the securities to be bought or sold. If applicable, Client will authorize HIMS discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement. If, however, consent for discretion is not given, HIMS will obtain prior Client approval before executing each transaction.

HIMS allows Clients to place certain restrictions, as outlined in the Client's Investment Management Contract. Such restrictions could include only allowing purchases of socially conscious investments. These restrictions must be provided to HIMS in writing.

The Client approves the custodian to be used and the commission rates paid to the custodian. HIMS does not receive any portion of the transaction fees or commissions paid by the Client to the custodian.

## **Item 17 – Voting Client Securities**

HIMS is granted the authority to vote proxies or abstain from voting for all Client accounts; however, Clients always have the right to vote proxies themselves. Clients can exercise this right by instructing us in writing to not vote proxies in your account. HIMS will vote or refrain from voting proxies in the best interests of our Clients and in accordance with the Firm's established policies and procedures.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting the Firm's chief compliance officer by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any Client requests a copy of our complete proxy policies and procedures or how HIMS voted proxies for his/her account(s), the Firm will promptly provide such information to the Client.

HIMS will neither advise nor act on behalf of the Client in legal proceedings involving companies whose securities are held in the Client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, Clients may direct us to transmit copies of class action notices to the Client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

## **Item 18 – Financial Information**

HIMS does not require nor solicit prepayment of more than \$1,200 in fees per Client six months or more in advance.

HIMS has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to Clients and has not been the subject of a bankruptcy proceeding.