



HC ADVISORS

HC Advisors LLC

750 Hammond Drive
Bldg. One-Suite 200
Sandy Springs, GA 30328

Telephone: 404-705-4593

Email: dchenning@hc-adv.com

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FORM ADV PART 2A BROCHURE

This brochure provides you with information about the qualifications, business practices and nature of advisory services of HC ADVISORS LLC, all of which should be considered before becoming an advisory client of our Firm. Please contact Daniel C. Henning, Chief Executive Officer, if you have any questions about this narrative brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"), or by any state securities authority.

We are registered as an Investment Adviser with the SEC. Registration does not imply a certain level of skill or training. Additional information about our Firm is available on the Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as a CRD number. Our Firm's CRD number is 165200.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 12, 2019 we have made the following material changes to our Form ADV:

- None

FULL BROCHURE AVAILABLE

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at **(404) 705-4593** or by email at lmhsieh@hc-adv.com.

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Item 4 Advisory Business

FIRM DESCRIPTION

HC ADVISORS LLC (“HC ADVISORS” or the “Firm”) is an investment management firm that is registered with the Securities and Exchange Commission (“SEC”) as an investment adviser. HC ADVISORS is organized as a Georgia limited liability company that was formed in 2012. HC ADVISORS’ current business activities consist primarily of the discretionary and non-discretionary management of securities portfolios, third party money management, financial planning and consulting services.

Principal Owner: Daniel C. Henning is the Managing Member and sole principal owner, owning 100% of the Firm. Mr. Henning also serves as one of the Firm’s Investment Adviser Representatives.

TYPES OF ADVISORY SERVICES

Portfolio Management Services

HC ADVISORS offers personalized investment advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. HC ADVISORS offers investment management services which are focused on capital appreciation.

HC ADVISORS requires that a written Investment Advisory Agreement (“IA Agreement”) be signed by the Client prior to the provision of services. The IA Agreement outlines the services rendered by HC ADVISORS and the fees Clients will be charged. As noted above, Clients shall open either a discretionary asset management account or a non-discretionary account with the Custodian, through which HC ADVISORS shall monitor the assets of the Account, and purchase and/or sell securities within the Account, according to the terms and conditions of the IA Agreement.

Discretionary Portfolio Management: As a discretionary adviser, HC ADVISORS will have the authority to supervise and direct the Client’s portfolio without prior consultation with the Client. Notwithstanding the foregoing, Clients may impose certain written restrictions on HC ADVISORS with the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments. Each Client should take note, however, that restrictions imposed by a Client may adversely affect the composition and performance of the Client’s investment portfolio. By granting HC ADVISORS full discretion and authority to manage the account, the Client is authorizing the Firm to perform various functions, at the Client’s expense, without further approval from the Client. Such functions include the determination of securities to be purchased or sold and the amount of securities to be purchased or sold. Once the portfolio is constructed, HC ADVISORS will provide continuous supervision and re-balancing of the portfolio as changes in market conditions and as Client circumstances may require.

Non-Discretionary Portfolio Management: Alternatively, HC ADVISORS provides non- discretionary portfolio management services whereby the Firm will make specific investment recommendations to a client tailored to meet the needs and investment objectives of that specific client, but shall not initiate any orders to purchase or sell any securities (or specific securities) without the client’s approval.

Third Party Money Managers

HC ADVISORS also provides access to investment service programs in which Client accounts are managed by independent third-party investment advisers. Our Firm has entered into agreements with various third party’s investment advisers to offer for the purpose of having their products and services available to our clients. These programs provide investment opportunities among mutual funds, variable annuities, stocks, bonds, and additional securities.

HC ADVISORS will assist Clients in determining the appropriate allocation of the Client's invested assets among different asset classes, and in turn may select one or more third-party money managers who specialize in each of those asset classes. Our Investment Adviser Representatives ("IAR") meet with Clients to analyze the Client's need(s) of third-party advisory programs or services by collecting the Client's financial information including the client's suitability. Based on the information provided by the Client, HC ADVISORS will assist the Client in determining an appropriate asset allocation amount available with independent third-party money managers based on the investment style and asset classes employed by those money managers. Clients will receive a separate Form ADV Part 2A of each selected third-party money manager and will enter into a separate investment management agreement with each third-party money manager selected by HC ADVISORS.

The third-party manager will be granted discretionary trading authority to provide investment supervisory services for that portion of the Client's portfolio allocated to that particular third-party money manager. Under this arrangement, HC ADVISORS does not make any custody arrangements for Client's funds and securities. The money managers will trade independently of one another. There can be no assurance that the trading strategies employed by a third-party money manager will be successful.

Clients are encouraged to obtain and carefully review the contracts and disclosure documents, including Form ADV Part 2A, of the third-party money managers whose services they are considering so they understand fully the services being provided and the fees being charged. The services, reports and contract termination provisions provided by these programs vary as do the costs. We encourage our clients to compare programs.

Financial Planning and Consulting Services

To the extent requested by the Client, HC ADVISORS may determine to provide financial planning and/or consulting services. HC ADVISORS engages in broad-based, modular, and consultative financial planning services. Broad-based financial planning advice will typically involve providing a variety of services, principally advisory in nature, to Clients regarding the management of their financial resources based upon an analysis of their individual needs. An IAR of HC ADVISORS will meet with the Client to gather pertinent information about the Client's financial circumstances and objectives. HC ADVISORS may also use financial planning software to determine the Client's current financial position and to define and quantify the Client's long-term goals and objectives. Once such information has been reviewed and analyzed, a written financial plan – designed to achieve the Client's stated financial goals and objectives – will be produced and presented to the Client.

For Clients that require advice on a single aspect of their finances, HC ADVISORS offers modular financial planning/general consulting services.

Clients are generally required to enter into a Financial Planning and Consulting Agreement with HC ADVISORS setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and the portion of the fee that is due from the Client prior to HC ADVISORS commencing services.

TAILORED RELATIONSHIPS

Portfolio Management Services

HC ADVISORS shall provide investment advisory services tailored to the specific needs and objectives of each Client. HC ADVISORS will tailor its advisory services to its client's individual needs based on meetings and completion of a client profile. If clients wish to impose certain restrictions on investing in certain securities or types of securities, the Firm will address those restrictions with the client to have a clear understanding of the client's requirements.

Third Party Money Managers

The selection of third-party money manager is based on individual needs of our Clients and the suitability of products and services. Our advice is based on a thorough assessment of our Client's goals, objectives, investment horizon, and risk tolerance and the investment philosophy of the third-party money manager.

Financial Planning Services

Financial plans are based on the Client's financial situation at the time the plan is presented and are based on financial information disclosed by the Client to HC ADVISORS. Clients are advised that certain assumptions may be made with respect to interest and inflation rates and use of past trends and performance of the market and economy. Past performance is in no way an indication of future performance. HC ADVISORS cannot offer any guarantees or promises that the Client's financial goals and objectives will be met. As the Client's financial situation, goals, objectives, or needs change, the Client must notify HC ADVISORS promptly.

WRAP FEE PROGRAMS

Wrap Fee Programs are arrangements between broker-dealers, investment advisers, banks and other financial institutions and affiliated and unaffiliated investment advisers through which the Clients of such firms receive discretionary investment advisory, execution, clearing and custodial services in a "bundled" form. In exchange for these "bundled" services, the Clients pay an all-inclusive (or "wrap") fee determined as a percentage of the assets held in the wrap account. HC ADVISORS does not participate in and is not a sponsor of any wrap fee program(s).

Assets Under Management

As of December 31, 2019, we provide continuous management services for \$286,900,688 in client assets on a discretionary basis, and \$6,812,776 in client assets on a non-discretionary basis.

Item 5 Fees and Compensation

ADVISORY FEES DESCRIPTION AND BILLING PROCEDURES

The fees charged are calculated as described below and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds, or any portion of the funds of an advisory client.

Portfolio Management Services

On an annual basis, the fees for portfolio management services, subject to negotiation, are based on a maximum of 0.375% per quarter (1.5% per annum) of the assets under management. The management fee is paid quarterly in advance, on the first business day of each calendar quarter, based on the net asset value of the Account on the last day of the previous quarter. Fees will be assessed pro-rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar quarter. The minimum annual fee is \$3,750.00.

At its discretion, HC ADVISORS may allow the accounts of members of the same household to be aggregated for purposes of determining the advisory fee. HC ADVISORS may allow such aggregation, for example, where HC ADVISORS services accounts on behalf of minor children of current Clients, individual and joint accounts for a spouse, and other types of related accounts. This consolidation practice is designed to allow Clients the benefit of an increased asset total, which could potentially cause the accounts to be assessed a reduced advisory fee based on the breakpoints available in HC ADVISORS' fee schedule as stated above.

The payment of fees will be debited from the Client's account in accordance with the IA Agreement, and are paid by the qualified custodian holding the Client's funds and securities. Payment of portfolio management fees will be made directly from the Client account by the custodian provided that the following requirements are met:

- The Client provides written authorization permitting the fees to be paid directly from the Client's account held by the custodian. The Firm does not have access to Client funds for payment of fees without Client consent in writing. Under certain circumstances and upon request by the Client, a direct bill/invoice will be sent to the Client.
- The custodian agrees to provide the Client a statement, at least quarterly, indicating all amounts dispersed from the account including the amount of the advisory fee paid directly to the Firm.

Portfolio Management fees and services are separate and distinct from Financial Planning fees and services.

Third Party Money Managers

Advisory fees are billed in accordance with the third-party money manager's fee structure.

Under this arrangement, the Clients pay the third-party money managers the program fees including the advisory fees, as disclosed in the advisory agreements and Form ADV Part 2A for services performed in connection with the third-party money manager's products or services. Typically, those fees are payable quarterly either in advance or arrears. As outlined in each IA with a third-party money manager, the fees typically will be deducted directly from the Client's account.

The final fee is determined in conjunction with the program selected, the size of the account, and the services covered. The final fee and other charges exclusive of fees such as, brokerage, clearance, custody, and administrative services will be fully disclosed in the third-party money manager's advisory contract. HC ADVISORS may receive referral fees from the third-party money managers. Clients must acknowledge such compensation arrangement by signing the solicitor's acknowledgement.

Financial Planning and Consulting Services

HC ADVISORS charges either an hourly fee of \$150 to \$480 or a fixed fee ranging from \$1,500 - \$4,000 for broad-based financial planning services, depending on the scope and complexity of the plan, the Client's situation, and the Client's objectives. The fee is negotiable depending on the scope and complexity of the plan, the Client's situation and financial objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the time/cost could potentially exceed the initial estimate. In such cases, the Firm will notify the Client and may request that the Client approve the additional fee.

For modular and/or consultative financial planning services, HC ADVISORS charges an hourly fee of \$350. The hourly fee is negotiable depending on the scope and complexity of the plan, the Client's situation and objectives. An estimate of the total time/cost will be determined at the start of the

advisory relationship. In limited circumstances, the time/cost could potentially exceed the initial estimate. In such cases, the Firm will notify the Client and may request that the Client approve the additional fee.

HC ADVISORS may waive or lower financial planning fees where the Client has engaged HC ADVISORS for other advisory services. Client are not obligated to implement the financial plan through any of the Firm's other investment advisory services. Further, Clients may act on recommendations by placing securities transaction with any brokerage firm. All financial planning and consulting fees are due upon completion of services.

Other Fees and Payments

There may be additional fees or charges that result from the maintenance of your account. These fees are imposed by third parties in connection with investments made through your account, including but not limited to, no-load mutual fund 12(b)-1 distribution fees, certain deferred sales charges on previously purchased mutual funds, and IRA and Qualified Retirement Plan fees.

TERMINATION/REFUND POLICY

Clients may request to terminate their advisory contract, whether fixed fee, hourly, or percentage of assets under management with HC ADVISORS, in whole or in part, by providing advanced written notice.

The portfolio management agreement may be terminated upon thirty days written notice to the Firm. HC ADVISORS' management fee may be payable in advance. In those instances where HC ADVISORS management fee is paid in advance, upon termination, any fees paid in advance will be prorated to the date of termination and any excess will be refunded to Client. Any other fees paid in advance will be prorated to the date of termination and any excess will be refunded to Client. Client's advisory agreement with the Advisor is non-transferable without Client's written approval.

Clients may terminate the financial planning agreement by providing written notice to the Firm. Clients will incur a pro rata charge for services rendered prior to the termination of the agreement. Fees are due in arrears. Refunds are not applicable.

OTHER COMPENSATION

HC ADVISORS may execute agreements with other investment advisers and recommend other advisors' services to Clients. In such instances, HC ADVISORS may receive a portion of the adviser's services fee.

Clients should be aware that the receipt of additional compensation by HC ADVISORS and its management persons or employees creates a conflict of interest that may impair the objectivity of the Firm and these individuals when making advisory recommendations. HC ADVISORS assures its Clients that it endeavors at all times to put the interest of its Clients first as part of its fiduciary duty as a registered investment adviser. We will disclose to the Client the existence of all material conflicts of interest, including the potential for HC ADVISORS or its employees to earn compensation from the referral of Clients to other registered investment advisers.

Item 6 Performance-Based Fees and Side-By-Side Management

Performance Fees are based on a share of the capital gains or capital appreciation of the assets of a Client. Fees based on performance means that HC ADVISORS would participate directly in the account's results. **HC ADVISORS currently does not accept Performance-Based Fees.**

"Side-by-Side management" refers to a situation in which the same Adviser manages accounts that are billed based on a percentage of assets under management ("Management Fee") and at the same time manages other accounts for which fees are assessed on a performance fees basis. Because HC ADVISORS has no performance-based fee account, it does not conduct side-by-side management.

Item 7 Types of Clients

HC ADVISORS offers personalized investment advisory services to individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, the minimum account size will be \$250,000 or a minimum annual fee of \$3,750 to open and maintain a portfolio management account. HC ADVISORS may waive this minimum account size at its discretion. For example, the Firm may waive the minimum if the Client appears to have significant potential for increasing his/her assets under management. HC ADVISORS may also combine account values for Clients and their minor children, joint accounts with the Clients and their spouses, and other types of related accounts to meet the stated minimum.

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

METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

HC ADVISORS may utilize one or more of the following methods of analysis when providing investment advice to its Clients:

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall.

Cyclical analysis of economic cycles is used to determine how these cycles affect the returns of an investment, an asset class or an individual company's profits. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity. Between the peak and trough of a business or other economic cycle, investments may fall in value to reflect the uncertainty surrounding future returns as compared with the recent past.

INVESTMENT STRATEGIES

Portfolio Management Services

HC ADVISORS may utilize the following investment strategies when implementing investment advice given to Clients:

Long Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Long- term purchases may be affected by unforeseen long-term changes in the company in which you are invested or in the overall market.

Short Term Purchases - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. We may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

Trading - securities purchased with the expectation that they will be sold within a very short period of time, generally within 30 days. Trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk. Frequent trading strategies may be used occasionally in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.

Balance Strategy - A portfolio allocation and management method aimed at balancing risk and return. Such portfolios are generally divided equally between equities and fixed- income securities. Although the balanced investment strategy aims to balance risk and return, it does carry more risk than those strategies aiming at capital preservation or current income. In other words, the balanced investment strategy is a somewhat aggressive strategy, and is suitable for those investors who have some tolerance for risk with a longer time horizon (generally over five years).

Long Term Buy and Hold - Buy and hold is a long-term investment strategy based on the view that in the long run financial markets give a good rate of return despite periods of volatility or decline. This viewpoint also holds that short-term market timing (the concept that one can enter the market on the lows and sell on the highs) does not work for small accounts or inexperienced investors, so it is better to simply buy and hold. The risk involved with this type of strategy is that, if you need your money in the short term, you may not be able to wait for the market to recover from a downturn.

Modern Portfolio Theory (MPT) - is a theory created by economists, who try to understand the market as a whole, as opposed to business analysts, who look for what makes each investment opportunity unique. MPT attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets. MPT is a mathematical formulation of the concept of diversification in investing, with the aim of selecting a collection of investment assets that has collectively lower risk than any individual asset. The risk, return, and correlation measures used by MPT are mathematical statements about the future. In practice, investors must substitute predictions based on historical measurements of asset return and volatility for these values in the equations. Very often, such expected values fail to take account of new circumstances, which did not exist when the historical data was generated.

Margin - Buying on margin means borrowing money from a broker to purchase stock. Margin trading

allows you to buy more stock than you would be able to normally. An initial investment of at least \$2,000 is required for a margin account, though some brokerages require more. This deposit is known as the minimum margin. Once the account is opened and operational, you can borrow up to 50% of the purchase price of a stock. This portion of the purchase price that you deposit is known as the initial margin. Some brokerages require you to deposit more than 50% of the purchase price. Not all stocks qualify to be bought on margin. When you sell the stock in a margin account, the proceeds go to your broker against the repayment of the loan until it is fully paid. There is also a restriction called the maintenance margin, which is the minimum account balance you must maintain before your broker will force you to deposit more funds or sell stock to pay down your loan. When this happens, it is known as a margin call. If for any reason you do not meet a margin call, the brokerage has the right to sell your securities to increase your account equity until you are above the maintenance margin. Additionally, your broker may not be required to consult you before selling. Under most margin agreements, a firm can sell your securities without waiting for you to meet the margin call and you cannot control which stock is sold to cover the margin call. You also have to pay the interest on your loan. The interest charges are applied to your account unless you decide to make payments. Over time your debt level increases as interest charges accrue against you. As debt increases, the interest charges increase, and so on. Therefore, buying on margin is mainly used for short- term investments. The longer you hold an investment, the greater the return that is needed to break even. In volatile markets, prices can fall very quickly. You can lose more money than you have invested.

Options - Options are complex securities that involve risks and are not suitable for everyone. Option trading can be speculative in nature and carry substantial risk of loss. It is generally recommended that you only invest in options with risk capital. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying asset at a specific price on or before a certain date (the "expiration date"). The two types of options are calls and puts:

- A call gives the holder the right to buy an asset at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls hope that the stock will increase substantially before the option expires.
- A put gives the holder the right to sell an asset at a certain price within a specific period of time. Puts are very similar to having a short position on a stock. Buyers of puts hope that the price of the stock will fall before the option expires.

Selling options is more complicated and can be even riskier. The option trading risks pertaining to options buyers are:

- Risk of losing your entire investment in a relatively short period of time.
- The risk of losing your entire investment increases if, as expiration nears, the stock is below the strike price of the call (for a call option) or if the stock is higher than the strike price of the put (for a put option).
- European style options, which do not have secondary markets on which to sell the options prior to expiration can only, realize its value upon expiration.
- Specific exercise provisions of a specific option contract may create risks.
- Regulatory agencies may impose exercise restrictions, which stops you from realizing value.

The option trading risks pertaining to options sellers are:

- Options sold may be exercised at any time before expiration.
- Covered Call traders forgo the right to profit when the underlying stock rises above the strike price of the call options sold and continues to risk a loss due to a decline in the underlying stock.
- Writers of Naked Calls risk unlimited losses if the underlying stock rises.

- Writers of Naked Puts risk unlimited losses if the underlying stock drops.
- Writers of naked positions run margin risks if the position goes into significant losses. Such risks may include liquidation by the broker.
- Writers of call options can lose more money than a short seller of that stock can on the same rise on that underlying stock. This is an example of how the leverage in options can work against the option trader.
- Writers of Naked Calls are obligated to deliver shares of the underlying stock if those call options are exercised.
- Call options can be exercised outside of market hours such that effective remedy actions cannot be performed by the writer of those options.
- Writers of stock options are obligated under the options that they sold even if a trading market is not available or that they are unable to perform a closing transaction.
- The value of the underlying stock may surge or ditch unexpectedly, leading to automatic exercises.

Other option trading risks are:

- The complexity of some option strategies is a significant risk on its own.
- Option trading exchanges or markets and option contracts themselves are open to changes at all times.
- Options markets have the right to halt the trading of any options, thus preventing investors from realizing value.
- Risk of erroneous reporting of exercise value.
- If an options brokerage firm goes insolvent, investors trading through that firm may be affected.
- Internationally traded options have special risks due to timing across borders.
- Risks that are not specific to options trading include market risk, sector risk and individual stock risk. Option trading risks are closely related to stock risks, as stock options are a derivative of stocks.

Third Party Money Managers: The third-party investment managers available through HC ADVISORS may employ various investment strategies to help Clients meet their investment objectives and goals. Recommendations may consist of diversifying assets over several different asset classes.

MATERIAL RISKS OF LOSS

Clients need to be aware that investing in securities involves risk of loss that Clients need to be prepared to bear.

Every method of analysis has its own inherent risks. To perform an accurate market analysis HC ADVISORS must have access to current/new market information. HC ADVISORS has no control over the dissemination rate of market information; therefore, unbeknownst to HC ADVISORS, certain analyses may be compiled with outdated market information, severely limiting the value of HC ADVISORS' analysis. Furthermore, an accurate market analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by HC ADVISORS) will be profitable or equal any specific performance level(s). HC ADVISORS does not represent, warrant, or imply that the services or methods of analysis employed by HC ADVISORS can or will predict future results,

successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines.

Notwithstanding the method of analysis or investment strategy employed by our Firm, the assets within your portfolio are subject to risk of devaluation or loss. HC ADVISORS wants you to be aware that there are many different events that can affect the value of your assets or portfolio including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters.

Although HC ADVISORS' method of analysis and investment strategies do not present any significant or unusual risks, all investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. We want you to understand that there are inherent risks associated with investing and depending on the risk occurrence; you may suffer LOSS OF ALL OR PART OF YOUR PRINCIPAL INVESTMENT.

Special Note Regarding Third Party Money Managers: Clients should read the Form ADV Part 2A of the respective third-party money manager to understand the investment strategies and methods of analysis employed by the third-party money manager, and the risks associated with those. Prospective investors should carefully consider all risks, as there can be no assurance that the asset management programs by the third-party managers will achieve their respective investment objectives or avoid substantial losses.

RECOMMENDATION OF SPECIFIC TYPES OF SECURITIES

HC ADVISORS does not primarily recommend a particular type of security. Investments may include, but are not limited to, Exchange listed securities, over the counter securities, Exchange Traded Funds (ETF), Mutual Funds, Municipal securities, Foreign securities, CD's and United States Government Securities. We may provide advice on any other type of security which the client may have in their portfolio when they open an account with us. .

Clients should be advised of the following risks when investing in these types of securities: Mutual funds and ETFs are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and ETFs generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. ETFs differ from mutual funds since they can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on mutual funds and ETFs can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds charge such fees, which can also reduce returns. Mutual funds can also be "closed end" or "open end." So-called "open end" mutual funds continue to allow in new investors indefinitely, which can dilute other investors' interests.

Item 9 Disciplinary Information

Clients should be aware that its predecessor firm, PFM Capital Management, LLC & Daniel C. Henning were the subject of a civil lawsuit in 2004 by a former client who alleged various state law claims involving breach of fiduciary duty, et al. The matter was settled prior to any litigation, with the amount being wholly funded by PFM Capital Management.

Item 10 Other Financial Industry Activities and Affiliations

FINANCIAL INDUSTRY ACTIVITIES

HC ADVISORS is not a registered broker-dealer and does not have an application pending to register as a broker-dealer. Furthermore, none of HC ADVISORS' management or supervised persons is as a registered representative or has an application pending to register as representatives of a broker-dealer.

FINANCIAL INDUSTRY AFFILIATIONS

HC ADVISORS is not registered as a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor and does not have an application pending to register as such.

Furthermore, none of HC ADVISORS' management or supervised persons is registered as, or has applications pending to register as associated persons of the foregoing entities.

OTHER MATERIAL RELATIONSHIPS

Daniel C. Henning, the principal owner of HC ADVISORS, is also the principal owner of Henning, Dowdy & Jones LLC (HDJ), a Georgia limited liability company that is an accounting firm. HC ADVISORS may recommend HDJ to Clients in need of accounting and/or tax services; likewise, clients of HDJ may be referred to HC ADVISORS for portfolio management and financial planning services. Tax and account services are separate and distinct from the advisory services of HC ADVISORS, and those are provided for separate and typical compensation. Clients of HC ADVISORS are not obligated to use the services of HDJ. Mr. Henning spends a portion of his time engaged in tax and accounting related services during certain times of the year but expect that he will spend the majority of his professional time in his capacity with HC ADVISORS.

The arrangement that HC ADVISORS has with HDJ presents a conflict of interest as HC ADVISORS may have a financial incentive to recommend the services of HDJ. Although HC ADVISORS believes that the compensation charged by HDJ is competitive, such compensation may be higher than fees charges to other firms providing the same or similar services. Clients may obtain comparable services and/or lower fees through other firms.

HC ADVISORS does not have any other arrangements that are material to its advisory or its Clients with a related person who is a broker-dealer, investment company, other investment adviser, financial planning firm, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accounting firm, law firm, insurance company or agency, pension consultant, or an entity that creates or packages limited Funds other than those already disclosed herein.

OTHER INVESTMENT ADVISERS

HC ADVISORS participates in programs with independent money managers and is compensated based on a percentage share of those firm's advisory fees as discussed above in Section 5. All such arrangements are fully disclosed to Clients who grant their approval, in advance. All such arrangements result in no increase in Client expense or HC ADVISORS compensation. Clients should be aware that the additional receipt of compensation by HC ADVISORS and its management persons or employees creates a conflict of interest that may impair the objectivity of HC ADVISORS and these individuals when making advisory recommendations. HC ADVISORS endeavors at all times to put the interest of its Clients first as part of its fiduciary duty. HC ADVISORS takes the following steps to address this conflict of interest:

- Disclose to Clients the existence of all material conflicts of interest, including the potential for HC ADVISORS and its employees to earn compensation from the referral of Clients to other registered investment advisers.
- Collect, maintain and document accurate, complete and relevant Client background information, including the Client's financial goals, objectives and risk tolerance
- Conduct regular reviews of each Client account to verify that all recommendations made to a Client are suitable to the Client's needs and circumstances; and
- Conduct due diligence on selected investment advisers to establish that these advisers are suitable to recommend to Clients of HC ADVISORS.

Clients of HC ADVISORS are not obligated to use the services of any other investment adviser recommended by HC ADVISORS.

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

CODE OF ETHICS

All employees of HC ADVISORS must act in an ethical and professional manner. HC ADVISORS has adopted a Code of Ethics, the full text of which is available to Clients and prospective Clients upon request. HC ADVISORS has several goals in adopting this Code. HC ADVISORS' Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. The Firm desires to comply with all applicable laws and regulations governing its practice, and the management of HC ADVISORS has determined to set forth guidelines for professional standards, under which all associated persons of HC ADVISORS are to conduct themselves. HC ADVISORS has set high standards, the intention of which is to protect Client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing with Clients, as well as the procedures for approval and reporting established in the Code of Ethics. All associated persons are expected to adhere strictly to these guidelines. In addition, HC ADVISORS maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by HC ADVISORS or any person associated with the Firm.

HC ADVISORS will provide a copy of its Code of Ethics to any Client or prospective Client upon request.

PARTICIPATION OF INTEREST IN CLIENT TRANSACTIONS

HC ADVISORS does not recommend or effect transactions in securities which any related person may have material financial interest.

PROPRIETARY/SIMULTANEOUS TRADING

At times, HC ADVISORS and/or its affiliated persons may buy or sell securities for their own accounts that we have also recommended to Clients. This presents a conflict of interest. In any instance where similar securities are being bought or sold, we will uphold our fiduciary duty by always transacting on behalf of our Client before transacting for our own benefit. It is the express policy of HC ADVISORS that employees shall not have priority in any purchase or sale over Clients' accounts.

To the extent that related persons are aware of trades in individual issues being considered, recommended, or traded for the Client Accounts, the related persons will make every effort to trade in their own accounts after trades are executed for the Client. To mitigate or remedy any conflicts of interest or perceived conflicts of interest, we will monitor our proprietary and personal trading reports for adherence to our Code of Ethics. HC ADVISORS will always document any transactions that present conflicts of interest. In any instance where similar securities are being bought or sold, we will uphold our fiduciary duty by always transacting on behalf of our Client before transacting for our own benefit.

Item 12 Brokerage Practices

SELECTION AND RECOMMENDATION

Clients assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank for participation in the advisory programs offered by the Firm.

HC ADVISORS generally recommends that Clients use Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, as the qualified custodian. The arrangements with Schwab are designed to maximize efficiency and to be cost effective to our Clients. By requesting Clients to use our selected custodian, we seek to achieve most favorable execution of Client transactions. HC ADVISORS is independently owned and operated and is not affiliated with Schwab. Schwab will hold Client assets in a brokerage account and buy and sell securities when HC ADVISORS or the Client instructs them to. While HC Advisors may use Schwab as the primary custodian to execute transactions, HC Advisors may use other custodians as HC ADVISORS deems appropriate and subject to HC Advisors' obligation to obtain best execution.

In considering which independent qualified custodian will be the best fit for HC ADVISORS' business model, we evaluated the following factors, which is not an all-inclusive list:

- Financial strength
- Reputation
- Reporting capabilities
- Execution capabilities
- Pricing, and
- Types and quality of research

HC ADVISORS generally recommends that you establish an account with a custodial firm with which

HC ADVISORS has an existing relationship. Such relationships may include benefits provided to our firm, including, but not limited to research, market information, and administrative services that help our firm manage your account(s). HC ADVISORS believes that recommended custodians provide quality execution services for our clients at competitive prices. Price is not the sole factor we consider in evaluating best execution. HC ADVISORS also considers the quality of the brokerage/custodial services provided by the recommended custodians, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm.

SOFT DOLLAR BENEFITS

HC ADVISORS does not have any formal soft dollar agreements.

However, HC ADVISORS may receive brokerage and research services from its qualified custodians. These services are within the purview of "soft dollars" benefits pursuant to the "safe harbor" of Section 28(e) of the Securities Exchange Act of 1934, as amended. These services are for the benefit of HC ADVISORS in consideration of the Adviser's allocation of brokerage transactions made on behalf of Clients (on both an agency and net basis) and may not directly benefit Client accounts. The receipt of soft dollar benefits may influence HC ADVISORS' decisions regarding recommending that Clients' establish accounts at the HC ADVISORS preferred custodian, based on HC ADVISORS' interest in receiving brokerage services that benefit HC ADVISORS' business rather than based on the Client's interest in receiving the best value in custody services and the most favorable execution of Client transactions. This is a potential conflict of interest.

HC ADVISORS receives software services and technology for market research and analysis from Schwab. HC ADVISORS believes, however, that its recommendation of Schwab is in the best interests of its Clients. HC ADVISORS believes that its Clients do not pay more for investment transactions effected and assets maintained at Schwab as a result of these arrangements. HC ADVISORS' selection is primarily supported by the scope, quality, and price of Schwab's services (see Item 12 "Selection and Recommendation") and not Schwab's services that benefit only HC ADVISORS.

HC ADVISORS normally receives ancillary benefits, including: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk serving adviser participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client accounts; access to an electronic communication network for client order entry and account information; receipt of compliance publications; and access to mutual funds which generally require significantly higher minimum initial investments or are generally available only to institutional investors. The foregoing benefits are received solely through participation in Schwab, and do not necessarily depend upon the proportion of transactions directed to Schwab.

BROKERAGE FOR CLIENT REFERRALS

When selecting or recommending broker-dealers to Clients, HC ADVISORS does not consider whether it receives Client referrals from a broker-dealer or third party.

DIRECTED BROKERAGE

HC ADVISORS will permit Clients to direct the use of a particular brokerage firm. If a Client directs brokerage, HC ADVISORS cannot negotiate commission rates; and, as a result of such directed brokerage Clients may pay higher brokerage commissions than might otherwise be paid if HC

ADVISORS were granted discretion to select the broker or custodian to handle the account. Due to the nature of its advisory services, the Firm does not have the authority to negotiate commissions or obtain volume discounts, although the Firm will endeavor to achieve best execution of transactions. In the event that the Client directs HC ADVISORS to effect securities transactions for the Client's accounts through a specific broker-dealer, the Client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the Client determined to effect account transactions through alternative clearing arrangements that may be available through HC ADVISORS.

HC ADVISORS reserves the right not to accept a Client account if the Client chooses to select a broker or dealer other than those recommended by HC ADVISORS or one of the major industry custodians with which HC ADVISORS has a working relationship.

ORDER AGGREGATION

To the extent that HC ADVISORS provides investment management services to its Clients, the transactions for each Client account generally will be effected independently, unless HC ADVISORS decides to purchase or sell the same securities for several clients at approximately the same time. HC ADVISORS may (but is not obligated to) combine or "bunch" such orders to obtain best execution, to negotiate more favorable commission rates or to allocate equitably among HC ADVISORS' Clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among Clients in proportion to the purchase and sale orders placed for each Client account on any given day. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to the Client. Clients also benefit relatively with better purchase or sale execution prices, lower commission expenses or beneficial timing of transactions or a combination of these and other factors. HC ADVISORS shall not receive any additional compensation or remuneration as a result of such aggregation.

HC ADVISORS only combines multiple orders for share of the same securities purchased for discretionary accounts; the Firm does not combine orders for non-discretionary accounts. Non-discretionary accounts may pay different costs than discretionary accounts pay. Clients who enter into non-discretionary arrangements with the Firm may pay higher commissions, fees, and/or transaction costs than Clients who enter into discretionary arrangements. Mutual Fund shares do not trade in blocks.

Note Regarding Third Party Money Managers: Some of HC ADVISORS' investment advisory services involve advising clients with respect to choosing third party money managers to manage their account portfolios. Due to the nature of these consulting agreements, order aggregation is not applicable.

Trade Error Policy. HC ADVISORS shall reimburse accounts for losses resulting from HC ADVISORS' trade errors but shall not credit accounts for such errors resulting in market gains. The gains and losses are reconciled within HC ADVISORS' custodian Firm account and HC ADVISORS retains the net gains and losses.

Item 13 Review of Accounts

PERIODIC REVIEWS

Investment Adviser Representatives will monitor their respective Client accounts on an ongoing basis and will conduct internal account reviews at least on a quarterly basis. Triggering factors that may

stimulate additional reviews of a Client's account include, but are not limited to, the following: changes in economic conditions, changes in the Client's financial situation or investment objectives, and/or the Client's request for an additional review of the account.

Intermittent reviews may be triggered by substantial market fluctuations, economic or political events, or by changes in your financial status (such as retirement, termination of employment, relocation, or inheritance). **Clients are advised to notify HC ADVISORS promptly if there are any material changes to their financial situation, investment objectives, or in the event they wish to place restrictions on their account.**

HC ADVISORS reviews the third-party money managers' investment strategies including current portfolio holdings on a continual basis. We review the investment programs of the third-party money managers to analyze whether your portfolio is aligned with your investment goals and objectives. We may at times monitor the performance of the third-party money managers and if necessary, recommend the new managers.

Clients are encouraged to notify HC ADVISORS if changes occur in his/her personal financial situation that might adversely affect his/her investment plan.

CLIENT REPORTS

Clients will receive a report at least quarterly from the custodian, detailing account performance and account holdings. In addition, the Client will receive other supporting reports from mutual funds, asset managers, trust companies or custodians, insurance companies, broker/dealers and others who are involved with Client accounts.

HC ADVISORS may supplement any such information, at its sole discretion. At its sole discretion, HC ADVISORS may also provide periodic written reports to Clients in conjunction with account reviews.

Financial Planning and Consulting Services: HC ADVISORS will review a Client's financial plan upon request. Otherwise, HC ADVISORS does not review or monitor a Client's non-managed assets or review the Client's financial plan.

Third Party Money Management: HC ADVISORS does not review reports a Client may receive from the third-party money manager(s). At the request of the Client, HC ADVISORS may meet with the Client and the third-party money manager(s) to discuss asset allocation but will not make recommendations regarding specific investments or provide any regular written reports.

Item 14 Client Referrals and Other Compensation

ECONOMIC BENEFIT FROM THIRD PARTIES

HC ADVISORS has the ability to make arrangements with third party money managers. We may receive compensation from third party investment advisory firms for client referrals.

CLIENT REFERRALS

HC ADVISORS will directly compensate unaffiliated third parties for client referrals and in doing so, the Firm will ensure that its solicitation activities are in compliance with Rule 206(4)-3 and that it complies with applicable state rules which may require registration of such persons. HC ADVISORS intends to enter into written arrangements to pay referral fees to individuals or companies ("solicitors") in connection with any referral of a potential Client who becomes a Client of HC ADVISORS.

In these cases, there will be a written agreement between HC ADVISORS and the solicitors, which clearly defines the duties and responsibilities of the solicitor under this arrangement. In addition, each solicitor is required to provide at the time of the solicitation, a written disclosure document which explains to the prospective Client the terms under which the solicitor is working for HC ADVISORS and the fact that the solicitor is being compensated for referral fees. The solicitor is also required to furnish a copy of the Firm's written disclosure document (Part 2A of Form ADV) to the prospective Client and obtain a written acknowledgement from the Client that both the solicitor's and HC ADVISORS' disclosure documents have been received.

Item 15 Custody

CUSTODIAN OF ASSETS

HC ADVISORS does not have direct custody of any Client funds and/or securities. HC ADVISORS does not take physical custody of Client funds and/or securities under any circumstances. Client's funds and securities are held by a HC ADVISORS preferred qualified custodian. Please refer to Item 12 for our information regarding our Brokerage Practices. HC ADVISORS has implemented written policies and procedures to ensure that it will be in compliance with the required requirements and applicable safeguards with respect to custody.

While HC ADVISORS does not have physical custody of Client funds or securities, the custodian may pay HC ADVISORS' management fees through a deduction from the custodial brokerage account that holds Client funds, pursuant to Client's account application. In certain jurisdictions, an Adviser's ability to withdraw management fees from the Client's account may be deemed custody.

HC ADVISORS has indirect custody of Client's funds or securities by virtue the ability to have its advisory fee for each Client debited by the custodian on a quarterly basis. Prior to permitting direct debit of fees, each Client provides written authorization permitting fees be made direct from the custodian. As part of the billing process, the Client's custodian is advised of the amount of the fee to be deducted from that Client's account. On at least a quarterly basis, the custodian is required to send to the Client a statement showing all transactions within the account during the reporting period. The custodian does not calculate the amount of the fee to be deducted and does not verify the accuracy of HC ADVISORS' advisory calculation. Therefore, it is important for Clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact HC ADVISORS directly if they believe that there may be an error in their statement.

ACCOUNT STATEMENTS

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian and/or program sponsor for the

Client accounts. The Client will receive monthly statements regarding the Account from the Client's broker of record. At its sole discretion, HC ADVISORS may send such other updates or periodic reports, as it deems appropriate, to the Client.

Although we are your advisor, your statements will be mailed by the account broker-dealer or custodian. When you receive these statements, please review the statements carefully. Please compare asset values, holdings, and fee to the account statement issued for the previous period.

Please Note: To the extent that HC ADVISORS provides Clients with periodic account statements or reports, the Client is urged to compare any statement or report provided by HC ADVISORS with the

account statements received from the account custodian.

Please Also Note: The account custodian does not verify the accuracy of HC ADVISORS' advisory fee calculation.

Item 16 Investment Discretion

HC ADVISORS generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client for each transaction. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by HC ADVISORS.

Discretionary authority will only be provided upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by HC ADVISORS will be in accordance with each Client's investment objectives and goals.

HC ADVISORS may allocate the assets of its Clients among a relatively concentrated group of third-party money managers. The money managers selected by HC ADVISORS will be granted discretionary trading authority to provide investment supervisory services for that portion of the Clients' portfolios allocated to that particular third-party money manager. HC ADVISORS' role will be to monitor the overall financial situation of the Client portfolios, and to monitor the investment approach and performance of the money manager.

The third-party money managers will trade independently of one another. There can be no assurance that the trading strategies employed by a third-party money manager will be successful. The third-party money managers make investment decisions on selecting securities types and specific securities. Third party money managers will also rebalance and reallocate your accounts when the third-party money manager determines such rebalancing or reallocating is appropriate. Please note the HC ADVISORS will not make any decisions on selecting any securities types of specific securities for the accounts managed by the third-party money managers.

Item 17 Voting Client Securities

Clients retain the right to vote all proxies which are solicited for securities held in their accounts. HC ADVISORS will not take nor be required to take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the Client's account may be invested in occasionally. Furthermore, HC ADVISORS will not take any action or render any advice with respect to any securities held in any Client's accounts that are named in or subject to class action lawsuits. HC ADVISORS will, however, forward to you any information received by our Firm regarding class action legal matters involving any security held in your account.

Item 18 Financial Information

BALANCE SHEET REQUIREMENT

HC ADVISORS is not the qualified custodian of Client funds or securities, does not have custody of Client funds or securities and does not require prepayment of fees of more than \$1,200 per Client, six (6) months or more in advance.

FINANCIAL CONDITION

HC ADVISORS does not have any financial impairment that would preclude the Adviser from meeting contractual commitments to Clients.

BANKRUPTCY PETITION

Neither the Adviser nor its management has been the subject of a bankruptcy petition at any time during the last 10 years.

Item 19 Requirements for State-Registered Advisers

We are registered with the U.S. Securities and Exchange Commission and, therefore, this section does not apply. Registration does not imply a certain level of skill or training.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.