



## **ADV Part 2A**

### **HUNTLEIGH ADVISORS, INC. MINDSHARE SMALL COMPANIES ADVISORY SERVICE**

March 26, 2020

Huntleigh Advisors, Inc.

7800 Forsyth Blvd.

5<sup>th</sup> Floor

St. Louis, MO 63105

314-236-8888

<http://huntleighadvisors.com>

This Brochure provides information about the qualifications and business practices of Huntleigh Advisors, Inc. If you have any questions about the contents of this Brochure, please contact us at 314-236-8888 or [coconnell@oconnelllawfirm.com](mailto:coconnell@oconnelllawfirm.com). 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.

Huntleigh Advisors, Inc. is a registered investment advisor. Registration with the SEC does not imply a certain level of skill or training.

Additional information about Huntleigh Advisors, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Clients can search this website by using our name or by using a unique identification number known as a CRD number. The CRD number for Huntleigh Advisors, Inc. is 113412.

This page is intentionally left blank

## **SUMMARY OF MATERIAL CHANGES**

### ***Annual Update***

The United States Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” on July 28, 2010 which amends the rules associated with the disclosure documents that we provide to clients and prospective clients. This Brochure is prepared in accordance with the SEC’s amended rules.

Following the amended SEC Rules, we will deliver to you within 120 days of the close of our firm’s fiscal year (December 31<sup>st</sup>) either:

1. a copy of the current (updated) Brochure that includes or is accompanied by the summary of material changes, or
2. a summary of material changes that includes an offer to provide a copy of the current (updated) Brochure.

Ongoing disclosure information about material changes and/or a new Brochure may be provided at any time, as necessary, based on revisions or updated information. These will be provided at no charge.

### ***Material Changes Since the Last Update***

This Section outlines specific material changes that have been made to the Brochure since our last annual update on March 29, 2019.

There have been no material changes since our last update.

<b><u>Item</u></b>	<b><u>Page</u></b>
<b>SUMMARY OF MATERIAL CHANGES .....</b>	<b>i</b>
Annual Update .....	i
Material Changes Since the Last Update .....	i
<b>TABLE OF CONTENTS .....</b>	<b>ii</b>
<b>HAI MINDSHARE SMALL COMPANIES ADVISORY SERVICE .....</b>	<b>1</b>
Description of the Advisory Firm .....	1
Advisory Services .....	1
Assets Under Management .....	5
<b>FEES AND COMPENSATION .....</b>	<b>5</b>
Retail Accounts .....	5
Institutional Accounts .....	6
Focused Accounts .....	6
Fees Generally .....	6
Fee Billing .....	6
Other Fees and Expenses .....	7
Termination of Advisory Agreement .....	7
<b>SIDE-BY-SIDE MANAGEMENT .....</b>	<b>7</b>
<b>TYPES OF CLIENTS .....</b>	<b>7</b>
Anti-Money Laundering Policy .....	8
Privacy Policy .....	8
<b>METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS .....</b>	<b>8</b>
Investor Sentiment Research .....	8
Fundamental Research .....	9
Valuation Analysis .....	9
Investment Strategies .....	9
Risks of Loss .....	10
<b>DISCIPLINARY HISTORY.....</b>	<b>11</b>
<b>OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....</b>	<b>12</b>

---

Registration as a Broker-Dealer or Broker-Dealer Representative .....	12
Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor .....	12
Conflicts of Interest / Relationships Material to this Advisory Business .....	12
Selection of Other Advisors or Managers and How This Advisor is Compensated for Those Selections .....	15
<b>CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING .....</b>	<b>15</b>
Code of Ethics .....	15
Participation or Interest in Client Transactions .....	16
Personal Trading .....	16
<b>BROKERAGE PRACTICES .....</b>	<b>17</b>
High Net Worth Individuals and Other Retail Accounts .....	17
Institutional Client Accounts .....	17
Directed Brokerage .....	18
Factors Considered in Selecting Brokers .....	18
Best Execution/Soft Dollars .....	19
Order Aggregation .....	19
Allocation .....	20
<b>REVIEW OF ACCOUNTS .....</b>	<b>20</b>
Frequency and Nature of Reviews .....	20
<b>CLIENT REFERRALS AND OTHER COMPENSATION .....</b>	<b>21</b>
Economic Benefits Provided by Third Parties for Advice Rendered to Clients .....	21
<b>CUSTODY .....</b>	<b>21</b>
<b>INVESTMENT DISCRETION .....</b>	<b>21</b>
<b>VOTING CLIENT SECURITIES .....</b>	<b>22</b>
Clients That Provide Proxy Voting Authority to Huntleigh Advisors, Inc. ....	22
Clients That Retain Proxy Voting Authority .....	22
Class Action Lawsuits .....	22
<b>FINANCIAL INFORMATION .....</b>	<b>23</b>

Balance Sheet ..... 23

Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual  
Commitments to Clients ..... 23

Bankruptcy Petitions in Previous Ten Years ..... 23

**EXHIBITS** ..... **23**

Exhibit A: Privacy Notice ..... 24

---

## **HUNTLEIGH ADVISORS, INC. MINDSHARE SMALL COMPANIES ADVISORY SERVICE**

### ***Description of the Advisory Firm***

Established in 2001, Huntleigh Advisors, Inc. (“HAI”) is an employee-owned advisory firm registered with the SEC pursuant to Section 203 of the Investment Advisors Act of 1940, as amended (the “Act”). Our principal place of business is located in St. Louis, Missouri with satellite offices across Metro St. Louis and southern Illinois.

As used in this Brochure, the words “we”, “our” and “us” or “HAI” refer to Huntleigh Advisors, Inc. The words “you”, “your”, and “client” refer to you as either a client or prospective client of Huntleigh Advisors, Inc.

Our primary owners are Robert L. Chambers and Michael B. Rowan

### ***Advisory Services***

Advisor manages investment advisory accounts including investment supervisory services.

The mission of Advisor is to provide aggressive growth investment management services to individual and institutional clients.

Our goal generally is to seek long-term capital appreciation. Advisor will seek to achieve this goal by investing in the equity securities of micro-, small- and mid-capitalization companies that may have significant growth potential. Our analysis is based on investor sentiment and fundamental research to determine which common stocks to purchase. Advisor generally does not emphasize investment in any particular investment sector or industry. However, due to the growth characteristics of particular sectors, such as technology or health care, investments in these sectors from time to time may represent a significant portion of our clients' portfolios.

Advisor typically manages client accounts using three investment styles or strategies: SmallCap Growth, MicroCap Select Growth and Focused.

\* SmallCap Growth seeks to identify the most rapidly growing small cap companies exhibiting accelerating operating fundamentals accompanied by improving investor sentiment. Advisor typically purchases stocks of companies with market capitalizations corresponding to those of the Russell Small Cap Growth Index\*.

\* MicroCap Select Growth seeks to identify micro cap companies using the same philosophy/process that we currently use in our SmallCap Growth strategy, but in the micro market cap range (market caps corresponding to those of the Russell Microcap Growth Index\*).

\* Focused strategy invests in a smaller number of companies, and/or in a more limited number of sectors than our other strategies and other diversified mutual funds. The strategy typically invests in stocks of between 8-12 companies at one time. The investment adviser uses the same philosophy/process that is currently utilized in our SmallCap Growth and MicroCap Select Growth

strategies. The strategy is flexibly managed so that it can invest in equity securities in a variety of industries and in any market capitalization range. This flexibility will enable adviser to take advantage of opportunities as they arise. As a consequence of the strategy's investment strategy, the strategy may have a high rate of portfolio turnover.

Each client's account is managed on the basis of the client's individual financial situation. Each client has the opportunity to select an HAI MindShare Small Companies Advisory Service investment strategy that the client believes best suits the client's investment objective, and to impose reasonable restrictions on the management of client's account. Advisor's client accounts are intended to comply with Rule 3a-4 under the Investment Company Act of 1940, as amended (the "1940 Act").

Advisor primarily offers advice on the following types of investments: equity securities, including common stocks, warrants and shares of investment companies, debt securities, including corporate debt, municipal securities, U.S. government securities, and options contracts on securities.

### **Pension Consulting Services**

We also provide several advisory services separately or in combination. While the primary clients for these services will be pension, profit sharing and 401(k) plans, we may offer these services, where appropriate, to individuals and trusts, estates and charitable organizations. We typically meet with the client (in person or over the telephone) to determine an appropriate investment strategy that reflects the Plan Sponsor's stated investment objectives for management of the overall plan. Our firm then prepares a written Investment Policy Statement (hereafter referred to as "IPS") detailing those needs and goals, including an encompassing policy under which these goals are to be achieved. The IPS also lists the criteria for selection of investment vehicles as well as the procedures and timing interval for monitoring of investment performance. We may provide input and assistance to the Plan Sponsor in developing and preparing an IPS for the plan. We typically review the Policy with the Plan Sponsor at least annually and will develop any necessary or appropriate changes. Pension Consulting Services are comprised of several distinct services. Clients may choose to use any or all of these services:

- 1. Investment Management Services (ERISA 3(38))*

As Investment Manager, we may act as the Plan Sponsor's agent, with full power and authority to manage, acquire, or dispose of any asset of the Plan in accordance with the IPS, including the power and authority to add or delete core mutual funds, exchange-traded funds, target-date model portfolios or other commingled funds as investment options for participants as HAI believes to be in the best interest of the participants and their beneficiaries.

- 2. Investment Advisory Services (ERISA 3(21))*

As Investment Advisor, HAI may, from time to time, review and analyze plan investment options and render investment advice to the Plan Sponsor, and may make recommendations to the Plan Sponsor regarding the mutual funds, exchange-traded funds, target-date model portfolios or other commingled funds available to participants as plan investment options in accordance with the IPS and in accordance with the "broad range" requirements of ERISA section 404(c). We may also assist the Plan Sponsor in identifying an investment fund intended to meet the definition of a "Qualified Default Investment Alternative ("QDIA") under ERISA. We may make other recommendations to the Plan Sponsor as we consider appropriate.

### *3. Recordkeeper Selection*

We may assist the Plan Sponsor with the initial searching, quoting, and benchmarking recordkeepers, as well as make recommendations to the Plan Sponsor about recordkeeping providers that meet servicing needs or conditions expressed by the Plan Sponsor. In addition, we may perform benchmarking and fee negotiation with recordkeepers from time to time as needed. These services may be performed as requested by the Plan Sponsor, or as deemed appropriate by our firm, which could be as frequent as annually but usually no less frequently as 3-5 years.

### *4. Participant Education-Only Services*

As an education-only advisor, we may educate plan participants, through group and/or individual meetings, about plan features, investment options, and about how to enroll, change investment elections, change deferral elections, and elect beneficiaries.

### *5. Participant Education and Advisory Services*

As a participant educator and participant advisor, we may educate plan participants, through group and/or individual meetings, about plan features, investment options, and about how to enroll, change investment elections, change deferral elections, and elect beneficiaries. In addition, participants may receive guidance related to incoming or outgoing rollovers and investment allocation. Sample allocations based on risk tolerance will be provided upon request using plan's existing core mutual funds and exchange-traded funds.

We may provide the following services as requested by the Plan Sponsor:

#### *Model Portfolios*

If the Plan's recordkeeping platform has the capabilities to handle model portfolios, we, at the Plan Sponsor's direction, may design and manage a series of model portfolios managed to a specific risk and reward profile or target year of planned retirement. The portfolios managed to a specific risk and reward profile, may invest in a combination of the plan's existing core mutual funds and exchange-traded funds. As time passes and the targeted retirement date nears and passes, the target date portfolios adjust to become more conservative. Each strategy invests in a combination of the Plan's existing core mutual funds representing a variety of asset classes and investment styles and seeks to provide the highest total return over time consistent with its asset mix. Each target date portfolio may be named for the year in which a participant retires or expects to retire, ranging in increments from 2020 to 2060. We may identify and recommend or select new, additional or replacement core mutual funds within the Model Portfolios.

#### *Investment Performance Monitoring and Evaluation Reports*

We may provide periodic performance reports for each core mutual fund option and Target-Date Model Portfolio selected for the Plan. These reports may include graphic and tabular presentations of performance, including comparisons to appropriate market indices and goals as stated in the Policy, as well as market cycle comparisons and risk/return analysis. The performance reports will be based upon information obtained from the mutual fund managers and from various

commercially available mutual fund databases. Although this information is believed to be reliable and accurate, HAI does not independently verify this information nor guarantee its accuracy or validity except for that data that may be determined to be inaccurate in the normal scope of our duties and due diligence. HAI may identify and recommend new, additional or replacement mutual funds as investment options under the Plan based upon the periodic performance reports.

#### Ongoing Consulting and Various Other Services

On an ongoing basis HAI may consult with the Plan Sponsor on matters related to plan design and other issues with respect to plan operation, and service providers. Additionally, we may consult with the Plan Sponsor on matters related to news and developments in capital and retirement markets and asset classes generally available from HAI or specifically prepared for the Plan Sponsor. Additional reports and services may be available as agreed to between HAI and the Plan Sponsor.

#### Plan Sponsor Information

The Plan Sponsor will provide HAI with all relevant information that may from time to time be requested. We may rely on this information without further verification. If the information previously provided is no longer accurate or complete, the Plan Sponsor agrees to notify HAI promptly about such change and to provide the updated information.

All information furnished to HAI will be treated by HAI as strictly confidential and will not be disclosed to any third party except as required by the Agreement or by applicable law.

#### Reliance

HAI acknowledges that the Plan Sponsor is relying on us to recommend the mutual funds for inclusion as Plan investment options from among those available through Plan's recordkeeper, and to assist the Plan Sponsor in selecting a recordkeeper supporting investment fund options suitable under the Policy.

HAI shall not be held responsible for any failure on the part of the Plan recordkeeper, the Plan Sponsor or any service provider to implement or exercise investment instructions received from a Plan participant.

#### Fees

For services rendered pursuant to the contract, the Plan pays to HAI the fees set forth in the advisory contract. The fees may be paid by the Plan or an ERISA Budget account at the Plan recordkeeper. In the event the Plan and the ERISA Budget account for the Plan do not fully satisfy the fee obligation, the Plan Sponsor will pay the remaining unpaid portion of the fees to HAI.

#### Selection of Investment Vehicles:

We may assist Plan Sponsors in constructing appropriate asset allocation models. We may then review various mutual funds (both index and managed) to determine which investments are appropriate to implement the client's IPS. The number of investments to be recommended may be determined by the client, based on the IPS.

*Monitoring of Investment Performance:*

We may monitor client investments continually, based on the procedures and timing intervals delineated in the Investment Policy Statement. Although our firm is not involved in any way in the purchase or sale of these investments, we may supervise the client's portfolio and make recommendations to the client as market factors and the client's needs dictate.

*Employee Communications:*

For pension, profit sharing and 401(k) plan clients with individual plan participants exercising control over assets in their own account ("self-directed plans"), we may also provide quarterly educational support and investment workshops designed for the plan participants. The nature of the topics to be covered will be determined by us and the client under the guidelines established in ERISA Section 404(c). The educational support and investment workshops will NOT provide plan participants with individualized, tailored investment advice or individualized, tailored asset allocation recommendations.

***Assets Under Management***

As of 12/31/2019, HAI has the following assets under management:

Discretionary Amount	\$288,236,815
Non-Discretionary Amount	\$ 11,258,105
Total Amount	\$299,494,920

**FEES AND COMPENSATION**

Most of our revenue is generated from advisory fees. Our advisory fees are based on a percentage of assets under management and do not include costs that may be charged by your custodian, broker-dealer, and/or other third-party managers. Additional costs include custodial fees (e.g. transaction fees), markups, 12(b)-1 fees brokerage commissions, transaction fees, transfer taxes, wire transfers, IRA account fees, inactive fees, margin interest, electronic fund fees and other miscellaneous fees and taxes on brokerage accounts and securities transactions and other related costs and expenses. Please note that many of these fees are charged by clearing firm, but the revenue from these fees may be shared with our affiliated broker dealer, Huntleigh Securities Corporation. Furthermore, Huntleigh Securities Corporation may share some of this revenue with Huntleigh Advisors, Inc. These relationships create certain conflicts of interest with are more fully described in the section titled, "**Conflicts of Interest / Relationships Material to this Advisory Business,**" on page 12 below.

Advisor's standard fee schedules are as follows:

***SmallCap Growth and MicroCap Select Growth Accounts******Retail Accounts***

2.00% on accounts between \$100,000 and \$1,000,000

1.75% on accounts between \$1,000,001 and \$10,000,000

Negotiable on accounts over \$10,000,000

### ***Institutional Accounts***

For institutions with a minimum account size of at least \$1 million, Advisor receives an annual fee of 1.00% of the average net assets of all separately managed institutional accounts. Additional breakpoints are as follows:

First        10,000,000 1.00% annual fee

Next        15,000,000 0.90% annual fee

Next        25,000,000 0.80% annual fee

Next        50,000,000 0.70% annual fee

Fees are negotiable thereafter.

### ***Focused Accounts***

3% annual fee

### ***Fees Generally***

Advisor reserves the right to negotiate its fee, which may differ from the above schedules, based on both the size of the account and the number of accounts involved. Advisor reserves the right to waive its fee in certain limited circumstances, such as for relatives and personal friends of Advisor. Advisor also may negotiate reduced fees for initial investors in a new product or for institutional clients of a third-party manager or consultant. Fees may be higher or lower than those charged by other advisors and you may be able to obtain similar services elsewhere for a lower fee. Fees may be subject to change with advanced notice.

### ***Fee Billing***

Fees for retail client accounts typically are billed quarterly in advance, based on the market value of each client account as of the last day of the prior quarter. Advisor's fees do not include brokerage commissions, securities transaction fees or other fees charged by client's custodian and/or broker-dealer.

Clients typically grant Advisor authority to deduct their fees directly from such client's account. The client's custodian will provide regular account statements directly to such client that reflects all of the transactions in such client's account(s), including the amount of advisory fees deducted; therefore, invoices are not generally mailed out. The client is responsible for verifying the accuracy of the fee calculation, as the client's custodian will not determine whether or not the fee was properly calculated. Clients should carefully review their account statements.

### ***Other Fees and Expenses***

Advisor's fees do not include custodial fees, ticket charges/transaction fees, brokerage commissions or other transaction costs or service fees charged by client's custodian and broker. Mutual funds in which client's assets may be invested charge additional advisory fees and other fees and expenses, as described in the applicable fund's prospectus. ***See additional information under Item 12 – Brokerage Practices.***

### ***Termination of Advisory Agreement***

Clients may terminate their investment advisory agreement (the "Advisory Agreement") with Advisor within 5 days after execution with no penalty, and thereafter, upon 30 days written notice to the Advisor. Upon written request by client, client will receive a pro-rata refund of any advisory fees paid, but not yet earned, as of the date of termination.

## **SIDE-BY-SIDE MANAGEMENT**

To the extent that Advisor's client portfolios and the employee-owned securities accounts managed by Advisor are investing in the same security on the same day, Advisor will aggregate or block the trade and allocate the securities among the clients in a fair and equitable manner, typically pro rata average price per share.

Advisor follows a written policy regarding allocation of limited investment opportunities that is designed to prevent any particular client from being systematically disadvantaged. ***See Item 12 – Brokerage Practices – Allocation*** for a discussion of how Advisor generally allocates such opportunities.

## **TYPES OF CLIENTS**

Advisor typically provides investment advice to individuals, high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Advisor has established a minimum initial account size for new retail accounts of \$100,000. The minimum account size for an institutional account is \$1 million. Advisor may, in its sole discretion, accept such lesser amounts as it deems appropriate.

### ***Anti-Money Laundering Policy***

To assist the government in fighting the funding of money laundering activities, the USA Patriot Act and Federal law requires financial institutions to obtain, verify, and record information identifying each person who opens an account. In support of these anti-money laundering measures we will ask you for information and documentation that will allow us to verify your identity prior to opening an account with us. Please be aware that we may not be able to open an account in your name until the needed documentation has been provided or we have verified your identity.

The USA Patriot Act also mandates the maintenance of records and occasional update of identity verification. We are aware of the seriousness of safeguarding our clients' personal information and have taken steps in accordance with our *Privacy Policy* to maintain confidentiality.

### ***Privacy Policy***

Please refer to Exhibit A at the end of this Brochure for our *Privacy Policy*.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

Advisor typically invests in common stocks of micro-, small- and mid-capitalization companies, although Advisor may invest in common stocks of large-capitalization companies that Advisor believes have significant growth potential. Advisor will invest primarily in equity securities of growth companies that Advisor believes have potential for significant stock price appreciation. Equity securities include exchange traded funds, common and preferred stocks, warrants or rights exercisable into common or preferred stock and high-quality convertible securities. Advisor also may hold cash, money market instruments or high-quality, short-term debt instruments for liquidity purposes.

When making purchase decisions, Advisor uses a "buy discipline" that primarily relies upon investor sentiment, fundamental research and valuation analysis.

### ***Investor Sentiment Research***

Advisor reviews industry and individual company charts and other technical tools to identify potential investment opportunities.

When using investor sentiment-based screens to generate investment ideas, we review individual company charts to determine trends in security prices and make our investment decisions based on those trends. This phase of our analysis, when not applied in conjunction with our fundamental and

valuation analysis, may only be able to predict how an investment will perform short-term. In addition, this analysis does not take into account the more fundamental properties of what an investment may be worth such as company performance and balance sheet variables which may play a part in determining the value of an investment.

### ***Fundamental Research***

Advisor reviews industry fundamentals and company specific fundamentals. Industry research may include a review of industry trends and the competitive landscape among other things. Company specific research may include a review of a company's SEC filings, industry position, evaluation of its management and other information that Advisor considers relevant.

When using fundamental analysis, the data we review is generally considered reliable but we cannot guarantee nor have we verified its accuracy. In addition, the data that we review is sometimes subjective in nature and open to interpretation. Even if our data and interpretation of the data is correct, there may be other factors that determine the value of securities other than those considered in our analysis.

### ***Valuation Analysis***

Advisor reviews, among other valuation parameters, individual company valuations by considering price to earnings ratios, price to cash flow and price to sales ratios relative to each company's growth rate and comparable peer group .

Based upon this process, Advisor compiles a list of securities for possible purchase. Advisor will purchase the securities which it believes will offer the greatest potential for appreciation. Using this buy discipline, Advisor may continually add securities for possible purchase and monitor the list.

### ***Sell Discipline***

Advisor makes sell decisions based on a number of factors, including significant deterioration in investor sentiment, as evidenced by a decline in a company's share price, underlying fundamentals and/or sector/industry. Additionally, Advisor may make sell decisions based on valuation, portfolio weighting issues and/or for potential better relative performance in other securities or sectors.

### ***Investment Strategies***

Advisor generally seeks to achieve long-term capital appreciation for clients' portfolios by investing primarily in securities of growth companies that Advisor believes have potential for significant stock price appreciation. As such, companies in which Advisor invests typically exhibit strong price momentum, and increasing trading volume, and they frequently compete in industries that are "in favor" or popular with investors.

The investment strategies used to implement investment advice given to clients include long term purchases, short term purchases, trading and short sales.

A long-term purchase strategy generally assumes the financial markets will go up in the long-term, which may not be the case. There is also the risk that the segment of the market that you are invested in, or perhaps just your particular investment, will go down over time even if the overall financial markets advance. Purchasing investments long-term may involve an opportunity cost – that of “locking-up” assets that may be better utilized in the short-term for other investments.

A short-term purchase strategy generally assumes that an advisor can predict how financial markets will perform in the short-term, which may be very difficult. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

## ***Risks of Loss***

***Investing in securities involves risk of loss that clients should be prepared to bear.*** Risk refers to the possibility that you will lose money (both principal and any earnings) or fail to make money on an investment. Advisor cannot guarantee that it will achieve a client’s investment objective. Below are some of the more specific risks of investments which Advisor may recommend to clients:

**Growth Stocks.** Investment in growth companies entails significant risks. The prices of growth company securities may rise and fall dramatically, based in part, on investors' perceptions of the company rather than on fundamental analysis of the stocks. In certain cases, Advisor may identify a company as a growth company based on a belief that actual or anticipated products or services will produce future earnings, revenues or stock price appreciation. If the company fails to realize these products or services, the price of its stock may decline sharply and become less liquid.

**Micro-, Small- and Mid-Cap Company Risk.** Investments in micro-, small- and mid-cap companies often involve greater risks than investments in larger, more established companies because micro-, small- and mid-cap companies may lack the management experience, financial resources, product diversification and competitive strengths of larger companies. Investments in technology companies present special and significant risks. For example, if technology continues to advance at an accelerated rate, and the number of companies and product offerings continues to expand, increasingly aggressive pricing may affect the profitability of companies in which Advisor invests. In addition, because of the rapid pace of technological development, products and services produced by companies in which Advisor invests may become obsolete, never gain market acceptance or have relatively short product cycles.

**Portfolio Turnover.** Advisor may engage in short-term transactions under various market conditions to a greater extent than certain other investment advisors. The portfolio turnover rate of a client's portfolio typically ranges from 100% up to 300%. The portfolio turnover rate may vary greatly from year to year or during periods within a year. A high rate of portfolio turnover generally leads to greater transaction costs and will result in additional tax consequences to investors. Advisor does not consider

or attempt to minimize tax consequences to investors when managing client portfolios. Consult your tax advisor to determine the effect of any tax consequences on your particular financial situation.

**Concentration Risk.** Advisor may invest client portfolios in a limited number of companies. Consequently, the performance of any one company may have a substantial impact on the performance of a client's portfolio. In addition, the value of a client's portfolio may fluctuate more than if Advisor invested in a larger number of companies. Advisor also may concentrate investments in one or more industries or industry sectors.

To the extent clients' accounts are concentrated, they will be more susceptible to adverse economic, political, regulatory, or market developments affecting the sector, industry, or individual company in which the accounts are invested.

**Options Risk.** Use of put and call options may result in losses to a client's portfolio, force the sale or purchase of portfolio securities at inopportune times or for prices higher than (in the case of put options) or lower than (in the case of call options) current market values, limit the amount of appreciation a client's portfolio can realize on its investments or cause a client's portfolio to hold a security it might otherwise sell. The use of options entails certain other risks. Options markets may not be liquid in all circumstances. As a result, in certain markets, Advisor might not be able to close out a transaction without incurring substantial losses on behalf of a client's portfolio, if at all. Although the use of options for hedging may minimize the risk of loss due to a decline in the value of the hedged position, at the same time they tend to limit any potential gain which might result from an increase in value of such position. Losses resulting from the use of derivatives transactions would reduce the value of a client's portfolio, and such losses can be greater than if the derivatives transactions had not been utilized. Derivatives typically involve the use of leverage and, as a result, a small investment in derivatives could have a potentially large impact on a client's portfolio's performance; certain gains or losses could be amplified, increasing the volatility of a client's portfolio.

**Mutual Fund and ETF Risk.** Open-end and closed-end mutual funds and ETFs invest in a broad range of equity and fixed income securities, including foreign securities and securities of issuers located in emerging markets. Underlying funds may also invest in equity securities of any market capitalization including micro-, small- and mid-cap companies, real estate, commodities-related assets, fixed income securities of any maturity or credit quality, including high-yield, high-risk debt securities, and they may engage in leveraged or derivative transactions. We have no control over the investment strategies, policies or decisions of the underlying funds and, in the event of dissatisfaction with such a fund, our only option would be to liquidate clients' investments in that fund. Mutual funds and ETFs charge their own management fees and expenses, which may be duplicative.

## **DISCIPLINARY HISTORY**

We are required to disclose in this Brochure any legal or disciplinary events that have occurred in the last ten (10) years that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

We do not have legal or disciplinary information to disclose.

---

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### ***Registration as a Broker-Dealer or Broker-Dealer Representative***

We are not registered as a securities broker-dealer. Our Affiliated broker-dealers are Huntleigh Securities Corporation (“HSC”) and K.W. Chambers & Co. (“KWC”). Please see the Conflict of Interests section below for more information regarding conflicts which may exist between these organizations.

### ***Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor***

We are not registered as a futures commission merchant, commodity pool operator, or a commodity trading advisor.

### ***Conflicts of Interest / Relationships Material to this Advisory Business***

HAI is affiliated with HSC through common ownership. Currently, HAI uses HSC as the broker-dealer for placing its trades for its customers. This can create a conflict of interest where HAI has an incentive to continue using HSC as the broker-dealer for placing its trades for its customers. Furthermore, because HSC has minimum monthly clearing charges in its contract with its clearing company, Wells Fargo Clearing Services, LLC (“First Clearing”), HAI may be incented to conduct more frequent transactions to ensure that HSC meets its minimum monthly clearing charges HSC and its clearing firm, First Clearing, will charge your account for certain transactions and services which are described and enumerated on your account contract and new account documents provided to you by First Clearing and HSC. These charges can include custodial fees (e.g. transaction fees), markups, 12(b)-1 fees, brokerage commissions, transaction fees, transfer taxes, wire transfers, IRA account fees, inactive fees, margin interest, electronic fund fees and other miscellaneous fees and taxes on brokerage accounts and securities transactions and other related costs and expenses.

A portion of these fees often go to the HSC in addition to First Clearing, and HSC may share portions of this revenue with HAI. Because HAI is affiliated with HSC, you should assume that money, fees, or charges paid to HSC will also benefit HAI, whether or not any revenue is actually shared with HAI. This creates a conflict of interest where HAI may be incented to recommend the services of HSC as the broker dealer on your account. For example, if your account holds mutual funds or other investments that pay 12(b)-1 fees (also referred to as “trail commissions”), you should know that those 12(b)-1 fees are paid to HSC. Please note that HSC has opted into a program with First Clearing, which generally rebates to the customer any 12(b)-1 fees that are charged to the HAI customer accounts. You may see these rebates on your account statements if you own any mutual funds which pay 12(b)-1 fees. However, this system is not foolproof, and it is conceivable that 12(b)-1 fees may still be charged to your account, and those fees will be paid to HSC. If HAI discovers that any 12(b)-1 fees are being charged to your investments, it will rebate those fees going forward.

Also, different mutual funds are generally sold in different “share classes,” which often come with different internal fees. HAI strives to purchase “advisory class” mutual fund shares when available, or otherwise choose the mutual fund share classes with the next lowest levels of internal fees. However,

this effort is not foolproof, and there are situations where you may continue to own certain share classes which have higher internal fees than other available share classes. If HAI discovers that a cheaper share class is available to your account without causing you any tax or other negative consequences, we will change your funds to the cheaper share class. However, please note that in these situations, we do not offer any rebates.

When you open your investment account at our affiliated broker-dealer, HSC, you will be notified of several different cash options available to your account. Currently, HAI selects by default the cash sweep option which also provides FDIC insurance to cash positions which are held within applicable FDIC limits. Please note that this selection also currently pays revenue from First Clearing to HSC based on the amount of funds which are held in cash. Although none of this revenue is paid to HAI, it is received by HSC which creates a conflict of interest because HSC is affiliated with HAI through common ownership. This can create a conflict of interest to induce HAI to select the FDIC insured cash sweep program because of the financial benefit it provides to HSC. However, the cash product selection can be changed by the customer at any time, by simply contacting his/her representative, or by contacting HAI's Chief Compliance Officer, Christopher C. O'Connell, at 314-236-8888. Currently, HAI selects the FDIC-insured cash sweep option from First Clearing for the FDIC insurance and convenience in working with First Clearing. HAI does not shop "cash alternatives" like money market funds held at other fund companies and does not actively manage cash holdings in that manner. HAI holds cash positions in customer accounts when it wants customer accounts to be able to make new purchases in the future. We do not actively create and hold cash positions to create income in customer accounts through shopping, buying and selling the competing cash equivalent products (e.g. Money Market Funds). HAI does include its cash positions in its advisory fee calculations.

If your account carries a margin balance, you will pay margin interest on that margin balance. That margin interest also gets paid to HSC. Because HSC is affiliated with HAI through common ownership, this creates a conflict of interest where HAI may be incented to place accounts in margin or carry margin balances which would generate additional revenue for HSC.

Also, HAI is under common control with KWC and Datatex Investment Services, Inc. ("DTX"), in addition to HSC. Representatives of HAI may also be licensed with KWC, as well as HAI and HSC. Therefore, a representative on a particular HAI account may also be the representative on that customer's account held with the affiliated broker-dealer (K.W. Chambers or HSC). As explained in this brochure, in addition to advisory fees paid by the customer to HAI, the affiliated broker-dealer may also charge commissions, fees, mark-ups, 12(b)-1 fees or other charges customary in the industry. In such a case, the representative could earn both a portion of the advisory fee charged by HAI, and a portion of the fees, etc. charged by the broker-dealer.

This affiliation could therefore create a conflict of interest wherein the advisor representative on the account may have an incentive to purchase securities for the customer which would pay the representative additional money from the broker-dealer. While we monitor this relationship very closely and hold all our representatives to a strict code of ethics to help ensure the customers' interests are preserved above all others, it is important that the customer understands this relationship. We believe that the affiliated nature of these companies helps the client obtain the best overall execution for securities transactions, but if any customer has any questions or concerns about how these issues

affect his/her account, or if the customer wishes to confidentially discuss these issues with a supervisor, he/she may directly contact the Chief Compliance Officer, Christopher C. O'Connell, at 314-236-8888.

Management personnel of HAI are separately licensed as registered representatives of KWC, and/or HSC, affiliated broker-dealers. Solicitors and registered advisor representatives may also be separately licensed as registered representatives of KWC, and/or HSC. These individuals, in their separate capacity, can affect securities transactions for which they will receive separate, yet customary compensation. While HAI and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Members of our firm's management and the firm's solicitors and/or registered advisor representatives may also be separately licensed as an investment advisor representative of DTX, an affiliated Registered Investment Advisor. In that capacity, these individuals provide advisory services through DTX. The advisory services delivered by DTX are distinct from those provided by our firm and are provided for separate compensation. DTX's advisory services may be recommended to our clients for whom it is appropriate.

However, a conflict of interest is created by this arrangement to the extent that these individuals may recommend that a DTX client open a HAI account (or vice-versa) through which this individual will receive additional compensation. No DTX client is obligated to use HAI or its services. No HAI client is obligated to use DTX. Clients choosing to implement DTX's recommendations through HAI Inc.'s advisory services should refer to HAI's Firm Brochure or other disclosure document for details regarding those services and fees.

We may occasionally trade the same or similar securities in client portfolios that are traded by DTX in its client portfolios. When this occurs, our clients may receive a better or worse price or execution than us, depending on the order of trade execution, the type of security traded and the broker-dealer used. In order to minimize the potential for any systematic disadvantage to clients; when trades are placed in the same security on the same day for both our clients and DTX's clients (whose portfolios are within the control of these representatives registered with both companies), we will seek to rotate the order of execution, or aggregate the trade so that all same-day trades in the same security receive the same price.

As required, any affiliated investment advisors are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure) In addition, the management persons and other employees of HAI are: (1) management persons and registered representatives of affiliated FINRA member broker-dealers; and, (2) management persons or advisor representatives of, an affiliated registered investment advisor. These individuals may also be insurance agents for one or more insurance companies. In their separate capacities as registered representatives and/or insurance agents, these individuals are able to effect securities transactions and/or purchase insurance and insurance-related investment products for our advisory clients, for which these representatives will receive separate and additional compensation. Clients, however, are not under any obligation to engage these individuals when considering the purchase/sale of securities or insurance.

Clients should be aware that the receipt of additional compensation by HAI and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these

---

individuals when making advisory recommendations. HAI endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment advisor; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having reasonable and independent basis for the investment advice provided to a client.

### ***Selection of Other Advisors or Managers and How This Advisor is Compensated for Those Selections***

We do not select or advise our clients regarding other advisors or third party managers. We manage all client assets entrusted to us.

## **CODE OF ETHICS, PARTICPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### ***Code of Ethics***

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

HAI and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and record keeping provisions.

HAI's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [coconnell@oconnelllawfirm.com](mailto:coconnell@oconnelllawfirm.com), or by calling us at 314-236-8888.

HAI or individuals associated with our firm may buy securities for the firm or for themselves from our advisory clients; or sell securities owned by the firm or the individual(s) to our advisory clients. We will ensure, however, that such transactions are conducted in compliance with all the provisions under Section 206(3) of the Advisors Act governing principal transactions to advisory clients.

HAI may, at times, effect an agency cross transaction for an advisory client, provided that the transaction is consistent with our firm's fiduciary duty to the client and that all requirements outlined in Sec. 206(3)-2 of the Investment Advisors Act of 1940 are met.

An agency cross transaction is a transaction where our firm acts as an investment advisor in relation to a transaction in which HAI or any person controlled by or under common control with our firm, acts as broker for both the advisory client and for another person on the other side of the transaction.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

### ***Participation or Interest in Client Transactions***

Advisor and its employees may buy or sell for their own accounts securities that Advisor purchases for clients' accounts. In addition, Advisor, on behalf of its employees, may purchase securities in advance of purchasing the same securities for clients. For example, Advisor may purchase micro-cap stocks or small-cap stocks that it believes may, in the future, be appropriate for clients' small cap portfolios but are too small, illiquid or speculative at the time of purchase to be included in clients' portfolios. To the extent that such a micro-cap company later increases its capitalization, grows revenues, trading increases or the stock otherwise is deemed appropriate for clients' portfolio by the Advisor, Advisor may use its discretion to purchase the same stock for clients. There are potential conflicts of interests when Advisor, on behalf of its employees, purchases securities in advance of recommending the same securities to clients. For example, clients presumably will pay a higher price after the company has grown. Additionally, the value of the employees' investment may increase as the result of subsequent purchases by Advisor's clients and other market activity.

### ***Personal Trading***

Advisor's employees may purchase securities which are also purchased on behalf of clients for the employees' personal accounts by Advisor.

## **BROKERAGE PRACTICES**

### ***High Net Worth Individuals and Other Retail Accounts***

Unless otherwise agreed with a retail client, Advisor requires retail clients to open a brokerage account with HSC, a registered broker-dealer and member FINRA/SIPC. As an alternative, a retail client may elect to establish a custodial account with an independent qualified custodial bank that will allow Advisor to direct trades in the client's account to the broker-dealers selected by Advisor in its discretion.

As of the date of this Brochure, HSC executes client transactions on fully disclosed basis through First Clearing, a registered broker-dealer and member FINRA/SIPC. HSC and First Clearing establish the ticket charges, securities transaction and other fees charged to effect securities transactions. For its retail accounts investing in the HAI MindShare Small Companies Advisory Services, Advisor has negotiated with HSC a ticket charge of \$35 per trade for SmallCap Growth and MicroCap Select Growth accounts, and \$8.75 per trade for Focused accounts, in addition to a transaction fee of \$6.75. The transaction fee is subject to change with notice.

Although Advisor believes that the ticket charges/transaction fees negotiated with HSC are competitive, they may not be the lowest charges available to clients. For example, clients may be able to execute transactions at much lower rates available through a discount broker-dealer. In addition to these charges, HSC also charges SEC and exchange fees. Fees may vary from client to client due to the particular circumstances of the transaction, additional or differing levels of servicing required, or as otherwise contractually agreed upon with clients. First Clearing and HSC may change their commission schedule and transaction and service fees without advance notice to Advisor.

Clients will receive a confirmation upon the completion of every securities transaction directly from the executing broker-dealer, which discloses the dollar amount of the transaction and other fees charged in connection with the transaction. Clients also will receive regular account statements directly from First Clearing.

### ***Institutional Client Accounts***

Institutional clients typically select their own qualified independent custodian and direct Advisor to place all trades through the custodial account. In this instance, Advisor will direct trades in the institution's account to the broker-dealers selected by Advisor in its discretion.

When selecting broker-dealers on behalf of institutional accounts, Advisor seeks to execute securities transactions on the markets or with or through broker-dealers that it believes provide the most favorable total cost or net proceeds reasonably obtainable under the circumstances. Executing broker-dealers charge commissions and other transaction and service fees to execute transactions in the customer's account. Advisor selects broker-dealers based on its analysis of several factors, including price, the broker-dealer's reliability to effect securities transactions on Advisor's behalf and its responsiveness to, and communication with, Advisor. Advisor may direct a broker-dealer to effect securities transactions through another broker-dealer in consideration of research services provided by

such broker. Negotiated commission rates will be based upon Advisor's judgment of execution requirements of the transaction as well as the quality of research services provided by the broker-dealer. While Advisor believes that the commissions charged by selected broker-dealers are competitive, transactions may not always be executed at the lowest available commission rate.

Institutional clients will receive a confirmation upon the completion of every securities transaction directly from executing broker dealers which discloses the dollar amount of the commission and transaction and other fees charged in connection with the transaction. The confirmations will be sent directly to the client's custodian. Institutional clients also will receive regular account statements directly from the client's custodian.

### ***Directed Brokerage***

To the extent agreed upon by Advisor, a client may direct Advisor to execute all securities transactions in such client's account through a particular broker-dealer. In this event, Advisor will place all orders pursuant to its investment determinations on behalf of client's portfolio through the broker-dealer selected by the client, even though Advisor may be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. A client who designates the use of a particular broker-dealer should understand that it may lose (i) the possible advantage that Advisor's other clients derive from aggregation of orders for several clients as a single transaction for the purchase or sale of a particular security and (ii) the ability of Advisor to effectively negotiate the commission rate, obtain volume discounts and best execution may not be achieved. In addition, under these circumstances a disparity in commission rates may exist between commissions charged to other clients. Such a client's trades may also be placed after the trades of clients who have not designated a particular broker-dealer.

### ***Factors Considered in Selecting Brokers***

Advisor attempts to assess the reasonableness of commissions paid in light of the total brokerage and research services provided by each particular broker-dealer. Such evaluations are made by Advisor's portfolio managers. HSC and certain other broker-dealers selected by Advisor provide Advisor with certain research and statistical services of the kind contemplated by the Securities Exchange Act of 1934 (the "1934 Act"), services which would otherwise be available to Advisor for a cash payment. As a result of receiving such research services in return for directing client brokerage (so-called "soft dollar arrangements") Advisor has an incentive to continue to use such brokers and dealers to effect transactions for clients' accounts as long as such brokers and dealers continue to provide research and other services to Advisor.

In selecting and/or recommending brokers to execute client transactions, Advisor considers a number of factors, including price, the broker's reliability to effect securities transactions on Advisor's behalf, access to the broker, ease of trade supervision, and the broker's responsiveness to and communication with Advisor. Advisor typically effects securities transactions that are executed on a national securities exchange, and OTC transactions conducted on an agency basis, through various broker-dealers,

including HSC, at negotiated rates. Advisor believes that these negotiated rates charged to Advisor's clients are usual and customary compared to those charged by other broker-dealers that provide similar trading services for similar accounts.

### ***Best Execution/Soft Dollars***

As a fiduciary, with respect to transactions implemented on behalf of its advisory clients, Advisor has an obligation to obtain best execution under the circumstances of the particular transaction. Advisor seeks to execute client transactions in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances.

Section 28(e) of the 1934 Act permits an investment advisor to cause a client account to pay commission rates in excess of those that another broker/dealer would have charged for effecting the same transaction, if the advisor determines, in good faith, that the commission paid is reasonable in relation to the value of the brokerage and research services provided. The determination may be viewed in terms of either the particular transaction involved or the overall responsibilities of Advisor with respect to the accounts over which it exercises investment discretion.

Research furnished by broker-dealers may be used to service any or all of Advisor's clients and may be used in connection with accounts other than those that pay commissions to the broker-dealer providing the research. Research services may include subscriptions to financial information services such as Bloomberg and FactSet, information on the economy, industries, group of securities, individual companies, statistical information, accounting and tax law/interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues. To the extent that research services of value are provided by broker-dealers, Advisor may be relieved of expenses that it might otherwise bear. Advisor may allocate brokerage for research services that are also available for cash, where appropriate and permitted by law.

Advisor does not enter agreements with, or make commitments to, any broker-dealer that would bind Advisor to compensate that broker-dealer with client commissions in return for client referrals.

### ***Order Aggregation***

As a matter of general policy and practice, Advisor will aggregate transactions for clients when possible for advisory clients. Aggregating transactions allows the trading of aggregate blocks of securities of assets from multiple client accounts. Generally, aggregating client transactions allows advisors to execute transactions in a more timely, efficient and equitable manner and to seek best execution and/or to reduce commission charges for clients.

When and where possible, Advisor will aggregate transactions for all clients including directed and non-directed brokerage transactions for individual and institutional client portfolios. Client transactions may not or cannot be aggregated with other non-directed client transactions where a client has directed Advisor to use a particular firm for its portfolio transactions. However, Advisor will generally aggregate

client transactions in directed brokerage arrangements when clients have directed Advisor to use the same firm. In situations where accounts may be buying or selling the same security over a period longer than one day, Advisor will continue to aggregate participating client transactions when possible.

### ***Allocation***

As described above, Advisor manages client accounts using a number of strategies. Advisor typically allocates securities among eligible client accounts based on the particular strategy used, the account's investment objectives, restrictions, size and available assets or cash. Accounts managed using different strategies typically will hold different securities; however, from time to time, such accounts may hold the same securities when the securities fit within the objectives of more than one strategy. This may lead to conflicts in terms of allocating limited investment opportunities among the various strategies. Advisor anticipates that the overlap between the strategies may vary significantly from time to time. Where practicable and when allocating IPOs, partial orders or limited investment opportunities among the strategies or accounts within a particular strategy, securities will be allocated among eligible client portfolios on a pro-rata, average gross price per share basis with a view to achieving equal weighting of the security in each portfolio participating in the trade. To the extent that a minimum ticket charge is imposed by an executing broker and/or commission rates vary by account size, however, clients will not receive the same net price per share. Advisor seeks to manage client portfolios in such a way that all clients and portfolios have an equitable and fair opportunity to participate in investment opportunities and allocations over time and no client(s) are advantaged or disadvantaged over others. However, Advisor is not required to present all eligible investment opportunities to all clients and/or strategies.

There may be some circumstances in which certain clients and/or strategies may not participate equally (or at all) in particular investment opportunities or investment allocations due to investment guidelines, restrictions, portfolio liquidity, limited investment opportunity or other reasons. In an attempt to minimize the risk that any particular client is systematically disadvantaged and to promote fairness and equity for all clients, Advisor may attempt to allocate trades on behalf of smaller accounts so that such trades are filled in a single day to avoid multiple transactions costs, while larger institutional accounts trade in the same security until filled over a longer period of time. Such allocation is designed primarily to distribute trading costs in an equitable manner among all client portfolios as the effect of trading costs on smaller clients is magnified relative to the effect on larger accounts when orders are filled over the course of several days.

## **REVIEW OF ACCOUNTS**

### ***Frequency and Nature of Reviews***

Client portfolios are reviewed regularly by portfolio managers Scott Rich and Andrew Rich. Advisor provides a quarterly newsletter, at the customer's request, that discusses Advisor's overview of the market for the recent quarter, how Advisor's composite client portfolio performed, and its outlook on future market developments.

It is the responsibility of our client to notify us of any changes to your investment objectives and/or financial situation. We suggest that you review your investment objectives and account performance with us on an annual basis.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

### ***Economic Benefits Provided by Third Parties for Advice Rendered To Clients***

Our revenues are derived from advisory fees. Our employees may at times give or receive gifts from clients, broker-dealers, and other unaffiliated third parties. Further, our employees may host a client, broker-dealer, and/or other unaffiliated third party or be the recipient of entertainment provided by a client, broker-dealer, and/or other unaffiliated third party. It is HAI's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, directly or indirectly from any third party as an incentive for providing advice to our clients.

## **CUSTODY**

We previously disclosed in the "Fees and Compensation" section of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this 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. A copy of this statement will either be mailed or emailed to the client, depending on the preferences the client has set up. Additionally, if the client has set up online access, they will be able to access their monthly statements in an on-demand manner.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients upon request. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

## **INVESTMENT DISCRETION**

Clients hire us to provide discretionary asset management services, in which we make decisions without consulting you first, regarding buying or selling of securities, the amount of securities to buy or sell, or which broker-dealer to use, subject to reasonable investment objectives and guidelines that were previously established in the advisory agreement at the time of account inception. Clients give us discretionary authority when they sign a discretionary agreement within the advisory agreement, and

may impose reasonable restrictions or limitations on Advisor's investment discretion by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions. The advisory agreement allows us authorization to provide instructions regarding the investment decisions for the purchase, sale, conversion, redemption, exchange or retention of any security, cash, or cash equivalent or other investment for your account.

## **VOTING CLIENT SECURITIES**

### ***Clients That Provide Proxy Voting Authority to HAI***

We vote proxies, or abstain from voting, for all client accounts; however, you always have the right to vote proxies yourself. You can exercise this right by instructing us in writing to not vote proxies in your account. We will vote or refrain from voting proxies in the best interests of our clients and in accordance with our established policies and procedures. Our firm will use a third party in order to cast and retain records of various proxy votes. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote. Clients may obtain a copy of our complete proxy voting policies and procedures by contacting our 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 we voted proxies for his/her account(s), we will promptly provide such information to the client. We 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.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the Plan Sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact our Chief Compliance Officer by telephone, email, or in writing. You can instruct us to vote a proxy according to particular criteria (for example, to vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting us at 314-236-8837.

### ***Clients That Retain Proxy Voting Authority***

If you do not grant us proxy voting authority, you may receive proxies and other solicitations directly from the custodian or a transfer agent. Typically, we do not provide advice on proxy voting issues when a client retains proxy voting authority.

### ***Class Action Lawsuits***

We may occasionally receive notifications that securities held in your account are the subject of a class action lawsuit. We contract with a third-party, Broadridge, to handle such cases. Accounts are reviewed on a semi-annual basis where potential class action lawsuits are identified and addressed by Broadridge. Any payment distributions will be sent directly to the account holder's address on file. We 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.

## **FINANCIAL INFORMATION**

### ***Balance Sheet***

We do not require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered; therefore, we are not required to include a financial statement.

### ***Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients***

At this time we are not aware of, nor do we foresee any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. HAI has no additional financial circumstances to report.

### ***Bankruptcy Petitions in Previous Ten Years***

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

## **EXHIBITS**

### ***Exhibit A: Privacy Notice***

**HUNTLEIGH ADVISORS, INC.**  
**(and Affiliated Companies\*)**  
**PRIVACY POLICY STATEMENT**

At Huntleigh Advisors, Inc., we understand that confidentiality and trust are key elements of any financial relationship. Because you have entrusted us with your personal information, including your financial situation and goals, we make safeguarding that information and protecting your privacy a top priority.

We are providing this Privacy Statement to you in accordance with legislation requiring financial firms to disclose their processes for obtaining, using, and protecting customer information. You will receive a copy of our Privacy Policy on an annual basis, and this policy may also be found on our affiliate's website, at [www.hntlgh.com](http://www.hntlgh.com).

**Huntleigh Advisors, Inc. does not sell your personal information to anyone.**

**Collection of Information:** Nonpublic personal information includes much of the information you provide to us and the related information about your transactions and your account(s) at Huntleigh Advisors. Examples of nonpublic personal information include the information you provide on the new account form, your account balance or transactional history, and the fact that you are a customer of Huntleigh Advisors, Inc.

We collect nonpublic personal information about you from the following sources:

- Information we receive from you on applications or other forms
- Information about your transactions with us or our affiliates
- Information about your transactions with nonaffiliated third parties, such as providers of mutual funds, annuities, insurance and other investments offered through Huntleigh Advisors or its affiliates
- Information we may collect from other nonaffiliated third parties, such as marketing research firms
- Information we may receive from a consumer reporting agency

**Disclosure of Information:** We do not disclose any personal information about our customers or former customers to anyone, except as required or permitted by law, or upon your written consent. In the course of providing securities services, we may disclose the information we collect to our affiliates or to companies which perform services on our behalf, such as account administration, transaction processing, marketing services, and processing and delivery of account statements and other documents, or to other financial institutions with whom we have joint marketing agreements.

**Security of Information:** We restrict access to your nonpublic personal information to personnel who are necessary or appropriate to provide products or services to you. We maintain physical, electronic, and procedural safeguards to protect your nonpublic personal information.

**Right to Opt Out:** Huntleigh Advisors, Inc. does not currently disclose nonpublic personal information of its customers to nonaffiliated third parties, except as described above. If, in the future, this policy changes, you will be notified and given an opportunity to opt out of having this information shared.

If you have questions about our privacy policy, please contact your Financial Advisor, or our Customer Service Department, at (314) 236-2400 or (800) 727-5405.

Thank you for your continued trust and confidence in Huntleigh Advisors, Inc.

*\*As of March 2020, Huntleigh Advisors, Inc.'s affiliated companies are: Huntleigh Securities Corporation, K.W. Chambers & Co., and Datatex Investment Services, Inc.*