



## Form ADV Part 2A

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This brochure (the “Firm Brochure”) provides information about the qualifications and business practices of Packerland Brokerage Services, Inc. If you have any questions about the contents of this brochure, please contact us at 920-662-9500 or [aarond@pbshq.com](mailto:aarond@pbshq.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. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Packerland Brokerage Services, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The Firm’s CRD number is 37031.

## **Item 2. Material Changes**

The material changes since the March 30, 2022 annual update include:

1. In Item 4, Packerland disclosed the Compass Limited Discretionary Program (the “Compass Program”) which allows Packerland clients access to seven risk-based asset allocation models and select the final investment strategy for their investments.
2. In Item 4, Packerland disclosed that the Asset Advisory Account services program (“AAA”) is no longer accepting new accounts as of January 1, 2023 and that the AAA program will be.
3. In Item 4, Packerland disclosed that following the conversion to the new Hilltop programs using the Envestnet platform, certain legacy programs with Hilltop will be discontinued and the option given to clients to complete the necessary documentation to convert their accounts to the new Hilltop programs or have those advisory accounts terminated and defaulted to a brokerage account. By December 31, 2023, the following programs offered through Hilltop/Envestnet will be eliminated: Hilltop Advantage, Russell Strategies, and Premier Advisors.
4. In Item 4, Packerland disclosed changes to Hilltop’s Sweep Program effective March 6, 2023 in which Hilltop will discontinue Money Market Mutual Funds as a sweep option for clients and any client funds exceeding FDIC Coverage limits will be swept into the Dreyfus Government Cash Management Money Market Fund, Investor Class (DGVXX).
5. In Item 18, the previously disclosure regarding the Paycheck Protection Program loan (the “PPP loan”) obtained by Packerland has been deleted since the loan has been forgiven. Therefore, the disclosure related to the PPP loan has been removed.

You may request a copy of this brochure by contacting us at (920) 662-9500, emailing us at [aarond@psbhq.com](mailto:aarond@psbhq.com), or download it from its website at [www.packerlandbrokerage.com](http://www.packerlandbrokerage.com) or the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4. Advisory Business**

### ***About Us:***

Packerland Brokerage Services, Inc. (“Packerland”) is registered with the Securities and Exchange Commission (“SEC”) as a broker-dealer and as a registered investment adviser with its principal place of business located in Green Bay, Wisconsin. Its broker-dealer is a member of the Financial Industry Regulatory Authority (“FINRA”) since Packerland’s registration as a broker-dealer in 1994. Packerland became a registered investment adviser with the State of Wisconsin in 1997 and became an SEC-registered investment adviser in May 2012.

Since Packerland is dually registered with the SEC as both a broker-dealer and a registered investment adviser, a Packerland investment adviser representative (“Packerland IAR” or “its IAR”) may also be registered as a general sales representative (or a registered representative) with Packerland’s broker-dealer. Therefore, Packerland’s IARs may be able to offer clients both investment advisory services and brokerage services, as a registered representative of the Packerland broker-dealer. Clients should speak to their Packerland IAR to understand the different types of services available through Packerland. This brochure is limited to describing the investment advisory services Packerland provides to its clients.

Packerland is privately held with no shareholders (individuals and/or entities) controlling 25% or more of the company.

### ***Advisory Services:***

Packerland offers the following advisory services to its clients who have entered into a contract with Packerland for investment advisory services. These services could consist of financial planning and consulting, offered through Packerland’s Financial Planning Services. It could be direct investment management services, offered through Packerland’s Individual Portfolio Management, its Asset Advisory Account services program (“AAA”) or other advisory programs offered in conjunction with its custodian and its custodian’s platform. Packerland also offers investment advisory programs with various other third-party money managers, including the use of some third-party money managers as its co-adviser through its Co-Advisory Programs; the use of other third-party money managers, through various programs offered by its custodian and the use of the custodian’s platform and assisting in selecting a third-party registered investment adviser through its Solicitors Program. If appropriate and when requested, Packerland can offer investment advisory services and/or educational and administrative services to retirement plans. These advisory services are described below.

### **Financial Planning**

If Packerland’s client (hereinafter referred to as “client”) desires only a financial plan to help in determining overall strategy, the client can engage Packerland and utilize its financial planning

and consulting services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. In general, the financial planning can address any, or all, of the following areas:

- **PERSONAL:** A review is conducted of family records, budgeting, personal liability, estate information financial goals, savings analysis and debt consolidation.
- **EDUCATION:** A review is conducted of various programs geared towards funding educational goals, including Individual Retirement Accounts, financial aid, state savings and 529 plans, grants, funding recommendations, and general assistance in preparing to meet the Client's dependent's continuing educational needs through development of an education plan.
- **TAX & CASH FLOW:** An analysis is conducted of the client's income tax, spending, and planning for past, current and future years and federal income tax estimates. Packerland and its IARs then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** An analysis is conducted of investment alternatives and their effect on a client's portfolio, mutual fund/stock review, research on securities and general allocation overview.
- **INSURANCE:** A review is conducted of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** An analysis is conducted of current strategies and investment plans to help the client achieve retirement goals including reviews of a previously written financial plan and preparation of a new financial plan.
- **ESTATE PLANNING, DEATH & DISABILITY:** Assistance is provided to the client in assessing and developing long-term strategies, including cash needs at death and income needs of surviving dependents, disability income, asset protection plans, nursing homes, Medicaid, elder law, review of current will, review of trust strategies and charitable gift strategies.
- **BUSINESS PLANNING:** Assistance is provided in the analysis of current and future business needs, succession planning, risk management, benefits planning, buy/sell arrangements, business valuation and retirement plan review.

Through in-depth personal interviews, the Packerland IAR will meet with the client to gather required information. This information includes, but is not limited to, the client's current financial

status, tax status, future goals, returns objectives and attitudes towards risk. Any documents provided by the client to a Packerland IAR are carefully reviewed. These documents generally include, at a minimum, answers to a questionnaire completed by the client. The Financial Planning service typically provides a written financial plan (“Plan”) designed to assist the client in achieving his or her financial goals and objectives. Generally, the financial plan is presented to the client within six months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided. Should the client choose to implement the recommendations contained in the Plan, Packerland suggests the client work closely with his or her attorney, accountant, insurance agent, stockbroker and/or other professionals to implement the Plan. Implementation of the financial plan recommendations is entirely at the client's discretion.

Generally speaking, the Packerland IAR will not provide the client with tax advice, leaving that to the client and their tax accountant.

Since Packerland's IARs are also registered representatives of Packerland's broker-dealer and may also be insurance agents or brokers of various insurance companies, recommendations made in the financial plans may be limited to only those products offered through companies with which they are associated. Consequently, other investment advisers may be able to provide the same or similar service with a wider offering of products without the presence of this appearance of conflicts of interest.

### Investment Management Services and Programs

If the client desires to have Packerland and its IARs provide investment advisory services beyond financial planning, the clients should choose among the various investment management services and programs Packerland has available to assist the client. The client may choose to have investment management programs provided via the Individual Portfolio Management Program, Packerland's Asset Advisory Account Program or utilize investment management programs with third-party money managers, including the co-advisory program, the various programs being offered through Packerland's custodian and the custodian's platform provider, and the use of third-party registered investment advisers through the Solicitors Program (all described below).

Generally speaking, for all accounts that utilizes Hilltop Securities, Inc. (“Hilltop”) as the clearing firm (which includes the Individual Portfolio Management Program, the Asset Advisory Account Program (the “AAA Program”) and all of the Advisory Programs using Envestnet through the Hilltop Platform (all described below), clients should be advised that all advisory accounts are initially opened by Hilltop as brokerage accounts with Packerland and will not be coded as an advisory account until both Packerland and Hilltop have accepted the investment advisory agreement signed by the client. When the client's account is a brokerage account at Hilltop, any transactions made prior to the account being coded as advisory would be subject to ordinary and customary brokerage charges such as commissions and other fees, including postage, handling and miscellaneous fees even if the account is awaiting transition to an advisory account.

Accordingly, the clients should be aware that (i) all accounts that clear through Hilltop are initially opened as a brokerage account; (ii) the transition to an advisory account is not complete until the advisory agreement has been accepted by both Packerland and its clearing firm; and (iii) until the transition to an advisory account is completed (as evidenced by the signature of both Packerland and Hilltop in the advisory agreement), clients will be assessed commission and other customary brokerage costs, like postage, handling and miscellaneous charges. Therefore, the clients should consult with their IARs prior to making any transactions to ensure that advisory transactions are entered only after the advisory relationship has been established to avoid the customary brokerage fees associated with their brokerage account.

### *Individual Portfolio Management*

Packerland provides asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, Packerland helps develop the client's personal investment strategy. In this program, Packerland creates and manages a portfolio (including subaccounts for variable annuities) based on that strategy. During its data-gathering process, Packerland determines the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, Packerland may also review and discuss a client's prior investment history, as well as family composition and background.

Packerland generally manages the advisory accounts in this program on a non-discretionary basis (which allows trading only when specifically authorized by the client), although it may manage them on a discretionary basis upon the client's request (account managed on a discretionary basis is done only after a client specifically grants the authority to Packerland and its IARs to conduct transactions in the client's account without first obtaining the client's prior authorization). Account supervision is guided by the client's stated objectives (i.e., preservation of capital, income, growth and income, growth, or speculation), as well as tax considerations provided by the client or the client's tax advisor. Clients may advise the Packerland IAR of reasonable restrictions on investing in certain securities, types of securities, or industry sectors, which the Packerland IAR takes into consideration when making recommendations or making changes to the client's portfolio. Once the client's portfolio has been established, Packerland reviews the portfolio on a regular basis and, if Packerland is duly authorized or at its client's request, Packerland will rebalance the portfolio, all in accordance with the client's individual needs and reasonable restrictions. While Packerland generally meets with its clients to conduct these reviews, Packerland may conduct reviews on a remote basis, by telephone or other electronic means. The timing of the meeting, as well as the mode of the meeting, is based upon the client's desire. Packerland strives to have these meetings on at least an annual basis and more frequently, if necessary, to meet the client's objectives.

### *Asset Advisory Account Program (Expected to Terminate in 2024)*

The Asset Advisory Account program ("AAA") was a "wrap-fee" program sponsored by Packerland. This type of account acts like a simple brokerage account, where mutual funds and/or

securities are held at Hilltop Securities, Inc. (“Hilltop”), Packerland’s clearing firm. With the launch of the advisory programs using Investnet through the Hilltop platform in April 2022 (see below), Packerland made the decision to terminate AAA and is no longer accepting new AAA accounts as of January 1, 2023. While Packerland will no longer be accepting new accounts in 2023, it will allow clients currently in the program some time to determine whether it would be in the clients’ best interest to allocate the funds currently in AAA to (i) a similar program using Investnet through the Hilltop platform (as described below) or (ii) another Packerland advisory or non-advisory program. Since Packerland expects AAA to be fully terminated during 2024, Clients currently in AAA should discuss this with their IARs (including the termination date) and allocate all assets currently in AAA to another Packerland advisory or non-advisory program before the AAA program is closed and no longer available.

With this program, Packerland and the Packerland IAR are fiduciaries and have an obligation to act in the client’s best interest when providing investment advice regarding the management of client investments. As a wrap-fee arrangement, the clients generally pay a single fee for advisory, brokerage and custodial services, but may be obligated to pay certain regulatory fees, such as the Section 31 fees, which are paid by Packerland and pass through to the clients. The wrap-fee is a Packerland fee that is paid to Packerland for services provided. Packerland will use a portion of this fee to pay its service providers, including, but not limited to, its IARs, its clearing firm, its third party money managers and other providers.

Packerland provides this asset management service based on the individual needs of the client through the same process identified above for the individual portfolio management. Similar to the individual portfolio management, these accounts may be managed on either a discretionary or non-discretionary basis, as discussed above. Account supervision utilizes the same process used for individual portfolio management as discussed above.

As a program that is cleared through Hilltop, Clients should take note of Hilltop’s practice of opening all accounts, including advisory accounts, initially as brokerage accounts and the consequences associated with such practice until the account is coded as advisory. This practice is set forth above. Therefore, Clients should consult with their IARs prior to making any transactions to ensure that advisory transactions are entered only after the advisory relationship has been established to avoid the customary brokerage fees associated with the brokerage account.

*Co-Adviser and Sub-Adviser Programs with Third-Party Money Managers (“Co-Advisory Program”)*

Packerland has programs which provides investment advisory services with certain third-party money managers who are registered as investment advisers with state or federal regulators, including the SEC, using these third-party money managers as either a co-adviser or sub-adviser through various co-advisory or sub-advisory programs (the two programs will be referred to hereinafter as “Co-Advisory Programs”). These third-party money managers (including Packerland’s custodian and executing broker, Hilltop) are independent and unaffiliated with



Packerland; however, Packerland has negotiated an agreement with these third-party money managers to provide its clients the opportunity to have their investment portfolios professionally managed by, or adopt the model portfolios utilized by, these third-party money managers. When utilizing these third-party money manager programs, clients retain individual ownership of all securities contained in the portfolios.

Packerland and its IARs generally provide non-discretionary portfolio management services to clients under these third-party money manager programs; however, there are certain programs within these co-advisory programs which authorized the third-party money managers to use their discretion to “rebalance” the portfolios without immediate prior authorization, but require authorization from the customers for any and all other actions outside of the periodic rebalancing of the account. There are other co-advisory programs which allow Packerland and its co-advisers to utilize their discretion to transact in securities without the client’s prior authorization. Clients should be aware as to which advisory programs that they are utilizing and whether the utilized program provides Packerland and its IARs with no discretion, limited discretion or full discretion.

Investment strategies and types of investments utilized by third-party money managers will vary. Through personal discussions with the client in which the client's goals and objectives are established, Packerland and its IARs determine whether these types of Co-Advisory programs (and which Co-Advisory program) are suitable and in the client’s best interest, given the client's circumstances. Factors considered in making this determination of suitability include account size, risk tolerance, the opinion of each client and the investment philosophy of the particular third-party money manager. Among other things, the Packerland IAR will discuss the benefits of using the Co-Advisory Program and provide the clients with paperwork that describes the various strategies and different programs used by the third-party money manager, along with the applicable corresponding fee charged by the third-party money manager. Services included with the Co-Advisory Program may include the initial selection of securities and allocations; selection of models based on asset allocations or other analysis; performance monitoring; the forwarding of notices, direction and instructions from the client to the third-party money manager: and/or other related services.

Account supervision is guided by the client's stated objectives (i.e., preservation of capital, income, growth and income, growth, or speculation), as well as tax considerations and risk tolerance. Once the client's portfolio has been established, the Packerland IAR will review the portfolio on a regular basis. Clients in certain Co-Advisory Programs may have the opportunity to place reasonable restrictions on the types of investments to be held in their account, but it is up to the client and the Packerland IAR to review the account with respect to such restrictions and to advise the specific Co-Advisory Program if certain securities must be liquidated because of the restrictions.

Similarly, certain Co-Advisory Programs have restrictions as to which securities cannot be traded within that Co-Advisory Program. Some programs will require that the initial account in that Co-Advisory Program be established with cash or cash instruments so that securities or other assets cannot be transferred (these securities are hereinafter referred to as “ineligible securities”) into

the Co-Advisory Program. Other Co-Advisory Programs may allow only certain securities or assets to be transferred into the Co-Advisory Programs and require the liquidation of any assets which do not meet the criteria (ineligible securities) to be transferred, so that only cash or eligible securities are transferred into the Co-Advisory Program. These restrictions of ineligible securities may require the liquidation and sale of ineligible securities to be effectuated while the account is still a brokerage account, awaiting the opening of the advisory account. When an account has transactions prior to the establishment of the advisory account, those transactions are brokerage transactions and will incur brokerage charges associated with the sale of securities, including commissions paid to Packerland as a broker-dealer and its IAR as a registered representative. Clients should consult with their IARs to determine the best methodology in establishing the advisory account, what fees will be incurred prior to the establishment of advisory accounts and what fees will be incurred after the establishment of the advisory account.

When utilizing a Co-Advisory Program, Packerland and Packerland's IAR will provide investment advice and act as a fiduciary. This may involve providing specific investment advice or recommendations regarding investments with these Co-Advisory Programs. If the client is interested in the use of the third-party money manager to assist the client with the investments in the client's portfolio, the client will enter into an agreement with Packerland outlining Packerland's role and its responsibilities. The clients will also enter into an investment advisory agreement with the third-party money manager, who will also be serving in a fiduciary capacity as a co-adviser. The client's agreement with the third-party money manager may provide, depending on the program, certain third-party money managers with (i) trading discretion to determine which products to purchase, sell and/or exchange on behalf of clients without having to obtain prior approval for each transaction initiated; or (ii) trading discretion to rebalance the portfolio in the account to match the model portfolios; or (iii) no trading discretion with respect to the clients' portfolio. Packerland and its IARs will advise their clients which of the above discretionary actions would be applicable to the program selected by their clients.

To ensure that Packerland's initial determination of an appropriate portfolio remains suitable and that the account continues to be managed in a manner consistent with the client's financial circumstances, Packerland will:

- (i) regularly remind each of its clients using a Co-Advisory Program that the client needs to advise his or her Packerland IAR of any changes to the client's financial situation and investment objectives;
- (ii) contact each participating client, on a regular basis (generally annually unless the customer or circumstances dictate otherwise), to determine whether there have been any changes in the client's financial situation or investment objectives, and, if applicable, whether the client wishes to impose investment restrictions or modify existing restrictions;
- (iii) be reasonably available to consult with the client; and
- (iv) maintain client suitability information in each client's file.

Packerland does not represent that the third-party money managers and/or its Co-Advisory Programs will provide the highest performance or the lowest cost in providing such services. While Packerland has performed due diligence with respect to the third-party money managers that it recommends, Packerland makes no representation, express or implied, as to the quality of the services to be provided by any of the third-party money managers to any particular client.

As discussed in Items 5 and 10 below, Packerland and its IARs only recommend third-party money managers with which Packerland has entered into an agreement. Accordingly, there is a financial incentive for Packerland and its IARs to recommend certain third-party money managers over others who do not have an agreement with Packerland. Similarly, there may be other third-party money managers and/or programs that could provide similar services to clients at a lower cost. Thus, Packerland and its IARs carefully discuss this with the client so that the client can make an informed decision on whether or not to engage the third-party money manager as the client's co-fiduciary or whether the co-advisory program is best suited for the client. The client should review the fees associated with the use of a third-party money manager, in light of the services offered, to determine whether the client should utilize the services of the recommended third-party money manager. In some cases, the fees of these third-party money managers are separate and distinct from the fees charged by Packerland as a Co-Advisor or Sub-Advisor to the clients. In other cases, the fees for some Co-Advisory Programs are unified and the fees associated with both Packerland's services and the third-party money manager's services are combined into a unified fee for advisory services.

With the launch of the advisory programs using Envestnet through the Hilltop platform in April 2022 (see below), Packerland, in conjunction with its co-adviser, Hilltop, made the decision to terminate a number of Packerland's co-advisory programs with Hilltop. These programs, which include the Hilltop Advantage Program, the Russell Strategies Program and the Premier Advisors Program, will be closed during 2023 and are not expected to be offered after their definitive termination date. During 2023, Packerland will work with its clients currently in these programs to determine whether it would be in the clients' best interest to allocate the funds currently in these programs to (i) a similar program using Envestnet through the Hilltop platform (as described below) or (ii) another Packerland program. Clients currently in the Hilltop Advantage Program, the Russell Strategies Program and/or the Premier Advisors Program should discuss the with their IARs (including the termination date) to allocate all assets currently in these programs to another Packerland advisory program before these programs are closed and no longer available.

#### Advisory Programs Using Envestnet through the Hilltop Platform

Packerland has entered into an agreement with its custodian, Hilltop Securities, Inc. ("Hilltop") wherein Hilltop has made available to Packerland a third-party platform operated by Hilltop's co-adviser, Envestnet Asset Management, Inc. ("Envestnet") and launched the following programs associated with the Envestnet platform in April 2022. The Envestnet platform provides various programs and investment advisory services to Hilltop's correspondents, such as Packerland. Hilltop offers these programs through its platform, which includes services provided by Envestnet,

a registered investment adviser. Hilltop's registered investment adviser is independent and not affiliated with Packerland and will provide limited co-advisory services to Packerland clients who participate in the Envestnet platform. Similarly, Envestnet and its platform are also independent and not affiliated with Packerland or Hilltop.

As part of this advisory program, Hilltop has contracted with Envestnet to provide platform services for Hilltop's investment advisory programs, some of which are made available to Packerland. As part of these platform services, Packerland and its clients are allowed to avail themselves of various investment advisory services that are available through Envestnet and its platform. Among the programs being offered through Envestnet are the ability to have access to (i) separately managed accounts managed by a selection of separate account managers, approved by Envestnet ("Envestnet Managers") or allowed by Envestnet to be on the Envestnet platform ("Available Managers"), who typically invest in a portfolio of individual equity and/or fixed income securities depending upon the manager's stated strategy (referred to hereinafter for the purposes of this Firm Brochure as the "Manager Select SMA Program" or simply the "SMA Program"); (ii) a selection of Exchange Traded Funds ("ETFs") and mutual fund portfolios that are managed by third-party strategist, approved by Envestnet, with each strategist offering a selection of portfolios that range from conservative to aggressive, allowing the client to select the best portfolio for the client's risk tolerance (hereinafter, for the purposes of this Firm Brochure as the "Fund Strategist Select FSP Program" or the "FSP Program"); (iii) the Packerland IAR as the Portfolio Manager for the account (referred to hereinafter for the purposes of this Firm Brochure as the "APM Program"); (iv) a combination of the programs listed in (i), (ii) or (iii) above in one account under a Unified Managed Account (referred to hereinafter for the purposes of this Firm Brochure as the "Manager Select UMA Program" or simply the "UMA Program"); (v) the Compass Program, which allows the clients, along with their IARs, to select the final investment strategy, investment allocation models and underlying funds from among seven risk-based allocation models and their associated securities, with an automatic balancing feature on either an annual basis or a semi-annual basis (the "Compass Program") and (vi) a Fee-based Clearing, Advisory Fee Billing and Performance Reporting Services program.

In each of these programs, Packerland will be the investment adviser and will utilize the services of Hilltop to gain access to Envestnet, as a platform provider, and the various service providers to Envestnet as an investment manager, third-party strategist or a portfolio manager (which could also include the Packerland IARs) or a combination of multiple investment managers or portfolio managers and avail itself of services offered by the Platform Manager. Each of these platform providers, investment managers and portfolio managers will charge Packerland a fee for their services but that all of the outside service providers' fees will be included as part of the Packerland fee to the clients. Packerland will present all fees, including its own fee for advisory services, as one unified fee.

In the SMA Program, the Advisor will have access to a selection of separate account managers who typically invest in a portfolio of individual equity and/or fixed income securities depending upon that manager's stated strategy.

In the FSP Program, the Advisor will have access to a selection of ETF and Mutual Fund portfolios that are managed by third-party strategists (“FSP Strategists”). Each FSP Strategist typically offers a selection of portfolios that range from conservative to aggressive, allowing the client and the IAR to select the best portfolio for the Client’s risk tolerance.

The APM Program is offered as a discretionary or a non-discretionary program. The non-discretionary program allows the Packerland IAR to create and apply an asset allocation model to an account; trade that account individually through the platform and monitor drift and other investment policies (subject to certain tolerance levels established by the IAR); and compare the account’s performance to the target established by the IAR and the Client. The full discretionary version of the program allows the IAR to create and apply specific model portfolios; attach Clients to those models; trade the model and all of the accounts attached to the model and manage one or more accounts by administering the model; and monitor drift and other investment policies (subject to certain tolerance levels established by the IAR) versus the target established by the IAR and the Client. The limited discretionary version of the APM program will provide the IAR with limited discretion, allowing the IAR and/or the Platform Manager to make purchases and sales of current portfolio securities (but not add new securities that are not in the portfolio) to re-balance the portfolio. These re-balancing changes can be done manually by the IAR or, when available, programmed by the Platform Manager to re-balance automatically during certain specified time intervals.

The UMA Program allows for the combination of two or more SMA Managers or FSP Strategists to manage an allocated portion of the assets (each allocation is a “sleeve”) within a single account. If the account provides Packerland and its IAR to use discretion, the IAR may also serve as portfolio manager for one or more sleeves within the UMA.

The Compass Limited Discretionary Program (the “Compass Program”) allows Packerland clients access to seven risk-based asset allocation models. While Packerland and its IARs will assist their clients by providing recommendations regarding the risk-based allocation and underlying investments that are eligible securities in the Compass Program, Clients will be responsible for selecting the final investment strategy, investment allocation model and underlying funds and for making changes to the Compass Program portfolio. While Packerland and its IARs will have no discretion and must obtain client approval prior to executing any transactions in their Clients’ Compass account, the Platform Manager will be provided with limited discretion to automatically rebalance the Compass account by selling shares of the over-weighted funds and purchasing a corresponding dollar amount of the appropriate underweighted funds on either an annual or a semi-annual basis, as selected by the client. Similar to the APM Program (noted above), the re-balancing changes can be done manually by the IAR at the Client’s direction.

Finally, the Fee-based Clearing, Advisory Fee Billing, and Performance Reporting Services is similar to the APM program, but it eliminates the mandatory use of a model portfolio or target allocation. This program is best suited for the IAR who desires to personally monitor the investment policies and prefers a more open, flexible architecture over the structure of the APM Program.

As all of these programs are cleared through Hilltop, Clients should take note of Hilltop's practice of opening all accounts, including advisory accounts, initially as brokerage accounts and the consequences associated with such practice until the account is coded as advisory. Similarly, certain Hilltop Advisory Programs using Envestnet as a Platform have restrictions as to which securities can be traded within those programs. Some programs will require that the initial account be established with cash or cash instruments so that assets other than cash or cash instruments cannot be transferred into that program. In that case, the ineligible securities will have to be liquidated to cash. Other Hilltop Advisory Programs using Envestnet as a Platform may allow only certain assets to be transferred into the programs ("eligible securities") and require the liquidation of any assets which do not meet the criteria ("ineligible securities") so that only cash or eligible securities are transferred into the program. The liquidation and sale of ineligible securities may be effectuated while the account is still a brokerage account, awaiting the opening of the advisory account. When an account has transactions prior to the establishment of the advisory account, those transactions are brokerage transactions and will incur brokerage charges associated with the sale of securities, including commissions paid to Packerland as a broker-dealer and its IAR in his or her capacity as a registered representative of the broker-dealer. Clients should consult with their IARs to determine the best methodology for establishing these advisory accounts, what fees will be incurred prior to the establishment of advisory accounts and what fees will be incurred after the establishment of the advisory account. Therefore, Clients should consult with their IARs prior to making any transactions to ensure that securities transactions are entered only after the advisory relationship have been established to avoid the customary brokerage fees associated with the brokerage account.

As stated above, with the availability of the new Hilltop programs using the Envestnet Platform, certain legacy programs with Hilltop will be discontinued. Please note that the terminations of the legacy programs (AAA, Hilltop Advantage, Russell Strategies and Premier Advisors Programs) will not result in the automatic conversion to a new Hilltop program using the Envestnet Platform. Please also note that when these legacy programs are discontinued, the accounts will be automatically converted from advisory accounts into brokerage accounts at Hilltop unless the clients desires to enter into another advisory program at Packerland. Clients can leave the converted accounts as brokerage accounts. However, if the clients desire to maintain an advisory relationship, they are advised to work with their IARs to determine if any of the new Hilltop Programs using the Envestnet Platform would be an appropriate program for them and, if so, ask their IARs to assist them with the completion of the necessary documents to convert accounts in the discontinued programs into one of the Hilltop advisory programs using the Envestnet Platform or another Packerland advisory program. If the Clients decide to enter into another advisory program at Packerland, Packerland's IARs will also assist them with the completion of the necessary paperwork to effectuate the conversion.

Solicitor Services to Third-Party Registered Investment Advisors (Solicitor's Program)

Packerland also acts as a solicitor for various third party-money managers, who are registered

investment advisers with the SEC and who have entered into a Solicitor's Agreement with Packerland. With certain suitable customers, Packerland and its IARs may recommend, based on a client's individual circumstances, the client's suitability and needs (as discovered during the client's initial and on-going meetings), that the client engage a third-party money manager, selected by the Packerland IAR, to act as the client's sole registered investment adviser on a discretionary basis for the Packerland client. Packerland and its IARs will disclose to the client that Packerland is acting in the capacity of a solicitor for these third-party money managers and will derive a solicitor's fee (sometimes referred to as a "referral fee") for referring the client to the third-party money manager.

If the client agrees to the use of a third-party money manager to manage the client's account on a discretionary basis, Packerland's IARs will recommend the use of a specific third-party money manager, based upon their knowledge of the various third-party money managers that have entered into a Solicitor's Agreement with Packerland and their determination as to which third-party money manager's portfolio management style is appropriate and suitable for the client. Factors considered in making this determination of suitability include account size, risk tolerance, the opinion of each client and the investment philosophy of the third-party money manager. Among other things, the Packerland representative will discuss the benefits of using the third-party money manager (utilizing the third-party money manager's brochure, Form ADV and other pertinent documents) and provide the clients with information regarding the various strategies and different programs used by the third-party money manager, along with the fees charged by the third-party money manager. If the client is interested in the use of the third-party money manager to assist the client with the investments in the client's portfolio, the Packerland IAR would ask the client to enter into an investment advisory agreement with the third-party money manager and disclose that, pursuant to the Solicitor's Agreement that Packerland has with the third-party money manager, Packerland and its representative would receive a referral fee from the third-party money manager, which is disclosed to the client in various forms signed by the client. Thus, the client is not directly paying Packerland any fee for recommending the use of a third-party money manager. In some cases, the third-party money manager will identify the Solicitor's fees that the third-party money manager is paying to Packerland. In either case, the client will not be directly paying Packerland for its services as a solicitor.

Pursuant to the Solicitor's Agreement and disclosure, Packerland's IARs will provide the clients with a copy of the third-party money manager's Form ADV Part 2A and other documents mandated by the Investment Advisers Act of 1940, as amended. Clients should refer to the third-party money manager's disclosure documents for a full description of the services offered by the respective third-party money manager.

Additionally, the Packerland client is obligated to acknowledge certain disclosures regarding the engagement of a third-party money manager as the registered investment adviser for the account. These disclosures include, but are not limited to:

- (i) the identity of the third-party money manager and the fact that the client must enter into the third-party money manager's investment advisory agreement;

- (ii) the fact that, with certain agreements, Packerland is acting as a Solicitor and will be paid a referral fee for recommending the client to the third-party money manager;
- (iii) the fact that, when acting in its capacity as Solicitor, Packerland will NOT be acting as the registered investment adviser for the portfolio in these accounts and, as such, Packerland will render no investment advice with respect to the portfolio that will be managed by the third-party money manager;
- (iv) certain fees associated with the third-party money manager account, which may include investment account fees, annuity fees and/or third-party money manager fees, but exclude other fees such as all fees, charges and commissions associated with a brokerage account (which may be payable to Packerland as the broker-dealer entering those transactions at the direction of the third-party money manager or the client), all fees and charges associated with the purchase or sale of mutual funds shares as disclosed in the prospectus (including, but not limited to, 12b-1 fees, contingent deferred sales charges and record keeping fees), custodian fees and any other fees deemed relevant; to the extent that Packerland's broker-dealer receives a 12b-1 fee for investments made by the third-party money manager, the amount of the 12b-1 fee will be rebated back to the customer.
- (v) how the fees are to be paid to the third-party money manager and the consequences of certain actions with respect to direct payment from the account; and
- (vi) with respect to variable annuity accounts, the fact that the client understands that certain issuers may also have asset allocation models available for no additional fees.

Under the Solicitor's Program, Packerland and its IAR will generally (i) fulfill the role of Solicitor and assist the client in determining the client's initial and ongoing suitability for the third-party money manager's investment portfolio; (ii) forward notices, directions and instructions from the client to the third-party money manager and (iii) describe the third-party money manager's services, but will render no investment advice on behalf of the third-party money manager. Because Packerland is generally prohibited from rendering any investment advice to accounts managed by the third-party money manager, Packerland advises its clients that, if the client engages the third-party money manager to provide advisory services to the client, then the third-party money manager is the registered investment adviser and the fiduciary with respect to the portfolio it manages. Additionally, the client is required to sign an investment advisory agreement with the third-party money manager, establishing the investment advisory relationship between the third-party money manager and the client.

In contrast to the Co-Advisory Program wherein Packerland is a fiduciary with respect to the portfolio, in the case of the Solicitor's Program, Packerland is the fiduciary with respect to the selection of the third-party money manager only, and not with respect to the investment selection or recommendations regarding the portfolio because of the limitations placed on Packerland's



services by the third-party money manager.

At the time of the referral to the third-party money manager, Packerland will ensure that all federal and/or state specific requirements governing solicitation activities of its registered representatives shall be met.

Packerland does not represent that the selected third-party money managers and/or the Solicitors Program will provide the highest performance or the lowest cost in providing such services. While Packerland has performed due diligence with respect to the third-party money managers that it recommends, Packerland makes no representation, express or implied, as to the quality of the services to be provided by any of the third-party money managers to any particular client.

As discussed in Items 5 and 10 below, Packerland and its IARs only recommend third-party money managers with which Packerland has entered into agreement. Accordingly, there may be a financial incentive for Packerland and its IARs to recommend certain third-party money managers over others who do not compensate Packerland. Similarly, there may be other third-party money managers and/or programs that could provide similar services to clients at a lower cost. Thus, Packerland and its IARs carefully discuss this with the client so that the client can make an informed decision on whether or not to engage the third-party money manager as the client's registered investment adviser. The client should review the fees associated with the use of a third-party money manager, in light of the services offered, to determine whether the client should utilize the services of the third-party money manager.

#### Retirement Plan Accounts

Through the programs listed above, accounts for retirement plans may be established to provide nondiscretionary or administrative and educational services. Each of these services is designed to assist plan sponsors of employee benefit plans ("Sponsor" or "Sponsors" as the case may be). When providing any non-discretionary investment advisory services, Packerland will solely be making investment recommendations to the Sponsor, and the Sponsor retains full discretionary authority or control over assets of the retirement plan. Packerland agrees that, when it is performing any non-discretionary investment advisory services pursuant to Section 3(21) of ERISA for a retirement plan, it will perform such services as a fiduciary, as defined in ERISA Section 3(21)(A)(ii), and will act in good faith and with the degree of diligence, care and skill that a prudent person rendering similar services would exercise under similar circumstances.

When providing any administrative or educational services, Packerland supports the Sponsor with, among other things, plan governance and committee education; vendor management and service provider selection and review; investment education; or provide plan participant non-fiduciary education services. Packerland agrees to perform any administrative services solely in a capacity that would not be considered a fiduciary under ERISA or any other applicable law.

#### Advisory Services in General

For each program discussed above, Packerland's investment recommendations may include advice regarding the following securities:

- Exchange-listed securities
- Securities traded in the over-the-counter markets
- Warrants
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Variable life insurance
- Variable annuities
- Mutual fund shares
- United States governmental securities
- Options contracts on securities
- Interests in partnerships investing in real estate
- Interests in partnerships investing in oil and gas interests
- Other alternative investments

Because some types of investments involve certain additional degrees of risk, they will only be recommended and/or implemented if and only if they are consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

***Assets Under Management:***

As of December 31, 2022, Packerland is actively managing \$929,959,984 of clients' assets. Of that amount, \$317,515,903 is performed on a discretionary basis and \$353,019,724 is performed on a nondiscretionary basis. In addition to the above \$259,424,357 of clients' assets are in Packerland's Solicitor's Program.

## **Item 5: Fees and Compensation**

### ***Financial Planning Fees:***

Packerland's Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are fully disclosed to the client in the terms of the agreement and are negotiated between the client and the Packerland IAR. Once the fees are agreed upon, an agreement is entered into between Packerland and the client, which is subject to review and final approval by a registered principal of Packerland. Thus, all fees are agreed upon prior to entering into a contract with any client.

Generally, Packerland's Financial Planning fees are calculated and charged on either (1) a fixed-fee basis, typically ranging from \$500 to \$10,000 depending on the specific arrangement reached with the client, (2) on an hourly basis ranging between \$50.00 to \$250.00 depending on the complexity and nature of the scope of work, or (3) as a percentage of assets under management. Fees must be appropriate to the services provided. How fees are billed is dependent on factors such as: client's payment preference, adviser's level of expertise and experience and level of research required to achieve client's expectations of advice given and is set forth in the agreement.

Packerland may request a retainer in order for the client to retain the services of Packerland as the financial planner. The retainer fee is NOT refundable, but the amount of the retainer will be applied to the fee amount at the conclusion of the services. Thus, the retainer is not an advance payment. Packerland generally does not require advance payments. However, any advance payments to Packerland will never exceed \$500 for work that will not be completed within six months unless federal statutes preempt the state blue sky laws. In that case, we will not require or solicit payment of fees in excess of \$1,200.00 more than six months in advance of services rendered. The balance is due upon completion of the plan.

Fees for financial planning services may be waived if additional investments are made as a result of financial planning recommendations. These additional investments may generate a commission to the Packerland IAR from the purchase or sale of securities products when the transaction is processed through Packerland's broker-dealer. Fees may also be waived or reduced based on relevant reduced or absent activity in specified accounts. Fees for this service are generally billed in arrears on a quarterly basis but may be billed monthly, semiannually, annually, hourly, or on a one-time basis depending on the arrangement reached with the client.

Commissions: Recommendations for the purchase or sale of securities investments which generate a commission to the IAR may be in addition to the fees set forth herein. Any portion of the fee may be reduced or waived based on a commission earned and the agreement, as negotiated between the client and Packerland.

## ***Investment Management Services:***

### ***Individual Portfolio Management Fee:***

Fees are billed as a percentage of assets under management for specified accounts under the terms of the client agreement. Accounts applicable to those terms are clearly identified including the name of various third-party providers (including, but not limited to, mutual funds, insurance companies, brokerage accounts, third-party money managers, etc.), account number(s), and initial account value. Billing is generally in advance and on a quarterly basis. Specific fees will be set forth in the applicable client agreement, as negotiated between the client and the Packerland IAR and is subject to a 2.50% maximum rate on a per annum basis. To verify accurate billing based on the terms of the client agreement, the clearing firm supplies Packerland with copies of applicable client statements.

### ***Asset Advisory Account Program Fees:***

#### **Fee Schedule:**

Similar to the individual portfolio management accounts, fees for the AAA Program are billed as a percentage of assets under management for specified accounts under the terms of the client agreement. Accounts applicable to those terms are clearly identified including the name of various third-party providers (including, but not limited to, mutual funds, insurance companies, brokerage accounts, third-party money managers, etc.), account number(s), and initial account value. Billing is generally in advance and on a quarterly basis. Specific fees will be set forth in the applicable client agreement, as negotiated between the client and the Packerland IAR and is subject to a 2.50% maximum rate on a per annum basis for advisory services. To verify accurate billing based on the terms of the client agreement, the clearing firm supplies Packerland with copies of applicable client statements. As indicated in Item 4. above, the AAA program is a “wrap fee” program, which is described in the Co-Advisory Program below.

### ***Investment Management Services Provided With or By Third-Party Money- Managers Co-Advisory Program Fees:***

Clients participating in the Co-Advisory Programs will be charged various program fees *in addition to the advisory fee charged by Packerland*. Such fees will include the investment advisory fees of the third-party money manager, which may be charged as part of a wrap fee arrangement and is set forth in the third-party money manager investment advisory agreement, agreed to by the client. In a wrap fee arrangement, clients generally pay a single fee for advisory, brokerage and custodial services (but may be assessed other charges, such as the Section 31 fees (or “regulatory fee”) which are charged to Packerland by its custodian and passed through to the clients). Client’s portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the commissions charged by the broker-dealer, the amount of portfolio activity in the client’s account, and other factors, the wrap fee may or may not exceed the aggregate cost

of such services if they were to be provided separately. Packerland and its IARs will review with clients any separate program fees that may be charged to clients as well as the Packerland fee. The Packerland fee is set forth in the Packerland Investment Advisory Agreement, agreed to by the client. Packerland's fees are subject to a maximum of 2.5% of the client's assets. Clients should consult with their IAR to determine what fees will be assessed to their advisory account, including any administrative fees.

### ***Hilltop/Envestnet Program Fees***

When effectuated, the fees for all but one of the Hilltop Programs using the Envestnet platform will generally be charged on a unified basis. The fees will include fees billed to Packerland by Hilltop, the various third-party investment advisers, portfolio managers and other professionals supporting the Hilltop program via the Envestnet platform, as well as the advisory fee for Packerland as the investment adviser with the fiduciary obligation to manage the account. As presently contemplated, the Hilltop/Envestnet Program fees, including the SMA, the FSP, the APM, the UMA and the Compass Program, will generally consist of a platform fee, a manager fee, and fees for the portfolio manager or other third party service providers. As presently contemplated, Packerland will take these fees from the Hilltop/Envestnet platform into consideration, as well as its own advisory fee for services it renders as an investment adviser, in establishing a unified fee that would be payable by the client for the services rendered by Packerland and these third-party service providers. Please note that certain fees are not a part of the program fees and will be charged separately and in addition to the unified fee for the advisory services. These include, but are not limited to, fees for portfolio transactions executed away from Hilltop; dealer mark-ups; electronic fund and wire transfers; market maker spreads; exchange fees; regulatory fees; and broker-custodian fees.

Presently, the only program through Hilltop using the Envestnet platform that will not have the unified fee structure described above will be the *Fee-based Clearing, Advisory Fee Billing, and Performance Reporting Services*. As suggested by the title, this program operates like a traditional brokerage account and the fees for this program are similar to the fees charged by a traditional brokerage firm. All of these fees will be established by Packerland and charged to the client on an itemized basis. Clients should discuss the terms and conditions, including program details that are contained in an investment advisory agreement or other account opening documents with their IARs.

### ***Solicitor Program Fees:***

Clients desiring to use the Solicitors Program are assessed a separate management fee by the third-party money manager, which is shared by Packerland. Thus, these clients are not assessed a separate fee by Packerland. This management fee is generally set by the third-party money manager and not Packerland but is fully disclosed by Packerland prior to the client's agreement to utilize such services. The fee charged by the third-party money manager is contained in the agreement entered into for registered investment advisory services between the client and the third-party money manager and is in addition to any other fees charged by the programs and

investments recommended by the third-party money manager. For example, the account may be assessed: all fees, charges and commissions associated with a brokerage account (which may be payable to Packerland as the broker-dealer entering those transactions at the direction of the third-party money manager or the client); all fees and charges associated with the purchase or sale of mutual funds shares as disclosed in the prospectus (including, but not limited to, 12b-1 fees (which may or may not be payable to Packerland), contingent deferred sales charges and record keeping fees); custodian fees and any other fees deemed relevant; fees assessed by the variable annuity company; or fees of any other third-party service.

Pursuant to the Solicitor's Agreement that Packerland has with these various third-party money managers that it recommends to suitable clients, Packerland and its representative would receive a fee from the third-party money manager. In some cases, the third-party money manager will identify that portion of the third-party money manager's fees that will be payable to Packerland as a solicitor. Notwithstanding that disclosure, the customer will be obligated to pay the third-party money manager the total fee and the third-party money manager will pay Packerland a solicitor's fee. This fee is fully disclosed to the client when they enter into the Investment Adviser Agreement with the third-party money manager and is contained in the Solicitors Disclosure Statement provided to the client. Moreover, the client is also obligated to confirm the client's receipt of certain disclosures with Packerland, which includes disclosure regarding the fees of the third-party money manager and the fees paid by the third-party money manager to Packerland.

Generally, as part of the third-party money manager's fiduciary duty to its clients, third-party money managers will select the best share class for their clients when they make mutual fund purchases. Typically, the share class selected by these third-party money managers will not have 12b-1 fees as an expense of the fund, which are payable to the broker-dealer executing the transaction, which may or may not be Packerland. Packerland has generally reviewed the policies of the third-party money managers and, at the time such third-party money manager is approved for Packerland's platform, only accepts third-party money managers that select mutual funds that do not pay a 12b-1 fee for their portfolios. It is possible that the third-party money manager may change its policy without notice to Packerland and such third-party money manager may select a mutual fund that pays a 12b-1 fees to a brokerage firm. Upon discovery that third-party money managers in Packerland's Solicitors Program has changed their policy such that mutual funds that are part of their portfolio securities will pay a 12b-1 fee, Packerland will suspend such third-party money manager from its Solicitors Program and will not recommend such third-party money manager for any future business until and unless their policies are changed to reflect the prohibition of investments in mutual funds that pay a 12b-1 fee. Moreover, Packerland will either work with its third party money managers to change its policy or will consult their clients in the Solicitors Program and advise them that the third-party money manager utilizes mutual funds that pay a 12b-1 fees and allow the clients to decide to remain with such third-party money manager or move their account to another third-party money manager.

For example, in the past, Packerland had approved a third-party money managers which utilized only funds that pay 12b-1 fees to a broker-dealer. In that case, the third-party money manager reduced the amount of compensation it pays to Packerland under its Solicitors Agreement with

Packerland and disclosed the practice of incorporating the amount of 12b-1 fees payable to Packerland's broker-dealer (and its registered representatives) as an offset of the fees that the third-party money manager would have paid to Packerland under a normal solicitors' agreement. While Packerland, in conformity with a specific exception to its policy, has accepted these types of 12b-1 payments in the past, Packerland has worked with this third-party money manager so that the third-party money manager no longer utilizes the 12b-1 fees to supplement its payment of the Solicitors' Fee to Packerland. Instead, the third-party money manager is now paying the full solicitors fees to Packerland out of its own assets.

Another of Packerland's third-party managers utilized the same concept, specifically identifying the 12b-1 fees payable to Packerland as a separate component of the fees payable to its solicitors. In this case, the third-party money manager identified that the total fees it pays to its solicitors is comprised of various components, consisting of the third-party money manager's fee; Solicitors Fee to its solicitors; and any annual fees derived from the mutual fund (as part of the expenses of the fund), which includes a 12b-1 fee as well as a Shareholder Services fee.

While Packerland's policy is to generally rebate 12b-1 fees to its clients, Packerland will NOT rebate 12b-1 fees which are utilized by third-party money managers to supplement or are a portion of Packerland's Solicitor Fees, if the third-party money manager clearly identifies that the payment of 12b-1 fees is used to supplement or is a portion of the solicitors fees that the third-party money manager pays to Packerland. Notwithstanding the above, Packerland will rebate 12b-1 fees of clients in the Solicitors Program if: (i) the third-party money manager identifies that it utilizes mutual funds that pay 12b-1 fees to Packerland; AND (ii) the third-party money manager does not reduce or utilize the 12b-1 fees to supplement the Solicitors Fees that the third-party money manager identifies as payable to Packerland in their disclosure of the Solicitors Fees to their clients.

Although Packerland and its representatives will recommend the services of a third-party money manager utilizing the Solicitors Program which is the most appropriate program for the client, it is possible that the compensation received, directly or indirectly, by Packerland and its representative for recommending a third-party money manager may be more than the compensation Packerland or its representative would receive if they recommended another program. Consequently, Packerland and its representative may have a financial incentive to recommend a third-party money manager over other programs of services that might meet the clients' needs at a lower cost (such as, mutual funds, ETFs, or fee-plus commission arrangements). That is why this recommendation is discussed carefully with the clients to obtain the clients' consent and specific knowledge of the fees involved with these types of recommendations.

### ***Retirement Plan Services Fees:***

Fees for retirement plan services may be based on a percentage of plan assets, an hourly rate or a specified flat fee as set forth in the investment advisory agreement for such service. The fees may be paid by the retirement plan record keeper directly from plan assets, accounts or

investments. Alternatively, fees for retirement plan services may be billed to the plan sponsor.

## ***General Information:***

### Termination of the Advisory Relationship

A client agreement with Packerland's registered investment advisory firm may be canceled at any time, by either party, for any reason pursuant to the terms of the agreement, which generally provides for advance written notice. Upon the effective date of the cancellation of the advisory contract, Packerland will cease to be a fiduciary on the account. Clients should consult with their IARs to determine the effect of such cancellation on their accounts. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. Generally, the unearned fees are calculated on a pro rata basis according to the number of days remaining in the billing period.

Early termination fees may apply to certain investment programs managed by third-party money managers in the Co-Advisory Program or the Solicitors Program when the account is closed within a specified time frame as set forth in the investment advisory agreement. These early termination fees are also identified in the investment advisory agreement the clients entered into with the third-party money manager and is generally disclosed in the third-party money manager's Form ADV, which is provided to the clients.

### Mutual Fund Fees

All fees paid to Packerland for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders (collectively referred to hereinafter as "mutual fund fees"). These mutual fund fees are also separate and distinct from the fees charged by Packerland in its investment management services or by third-party money managers in the Co-Advisory Program or the Solicitors Program, who may have initially obtained the investment portfolio from Packerland's IAR, but who have obtained discretion, by virtue of the investment advisory agreement between the third-party money manager and the client, to invest in different mutual fund classes. Clients should note that many mutual funds have different share classes, with some share classes paying a marketing and a distribution fee to broker-dealers (collectively, a "12b-1 fee") and others that do not. Consequently, share classes that do not pay a 12b-1 fee are less expensive for clients.

In its initial selection of the mutual fund classes for clients utilizing the Hilltop/Envestnet Platform or mutual fund classes offered to clients utilizing Hilltop as their executing broker or clearing firm, the third party investment adviser or Packerland's IAR, depending upon the specific program utilized, are instructed to, and will typically, select the best share class for their clients. Generally, this means, among other things, that the share class selected will not pay Packerland any 12b-1 fees. On occasion, certain mutual fund transactions may be transferred into a Packerland account which either pays a 12b-1 fee or does not represent the lowest cost share class for the mutual funds selected. To offset this, Packerland has asked its clearing firm, Hilltop, to



systemically capture all 12b-1 fees paid to Packerland and rebate those 12b-1 fees back to its clients.

Similarly, Packerland is aware that its clearing firm performs quarterly maintenance of mutual fund shares, identifying certain share classes that are not the lowest cost share class for similar securities within the fund family. For those securities in the Hilltop/Envestnet Program, Hilltop's ongoing quarterly maintenance conversions will automatically convert the existing share classes to a "recommended share class" which is less costly than the existing position. These share class conversions are non-taxable events, and clients' cost basis will carry over to the new wrap recommended share class. Hilltop does not assess any charges for such conversions. Packerland has been advised that Hilltop will share its quarterly maintenance listing of suspect share classes with Packerland in order for Packerland to direct Hilltop to make comparable share class conversions for assets at Hilltop that are not within the Hilltop/Envestnet Program. Packerland and its IAR will also have discretion to convert the share class of certain mutual funds held by their clients if they, using their sole and absolute discretion, determine that the share class utilized was not the best share class for the client.

Some third party money managers in the Solicitors Program require an initial selection of the mutual funds from among the third party money manager's list of eligible securities. Clients should note that Packerland's IARs will generally select the best share class for their clients among the eligible securities. However, Packerland and its IARs note that, if they are required to recommend an initial portfolio, their recommendations will be limited to selecting mutual funds, including the share classes of those mutual funds, that have been previously approved by the third-party money manager. If Packerland and its IARs are required to recommend an initial portfolio, they will have a discussion with their clients about the different mutual funds, including the share classes and will recommend those mutual funds, including the share classes, offered by the third-party money manager that is in the best interest of their clients.

The mutual fund fees and expenses, including those assessed by different mutual fund share classes, are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. Packerland will generally not recommend a share class that pays a 12b-1 fee to Packerland or its broker-dealer when there is another share class with similar characteristics that does not pay a 12b-1 fee to the broker-dealer. However, in situations where the only share class that is available is a share class that pays a 12b-1 fee, Packerland and its IARs will disclose the fee to the clients and recommend that share class if that share class is in the best interest of the client. To the extent that Packerland receives 12b-1 fees for mutual fund share classes in any managed accounts that is not the lowest share class for that fund, the 12b-1 fee will be rebated to clients. Please note that in instances where the 12b-1 fee is utilized as part of the Solicitors Fees to Packerland as Solicitor or the 12b-1 fee is payable by a mutual fund for investments in the lowest share class available for such mutual funds, the 12b-1 fee will not be rebated in such instances. Generally, as stated above, Packerland will rebate 12b-1 fees of clients in the Solicitors Program if: (i) the third-party money manager identifies that it utilizes mutual funds that pay 12b-1 fees to Packerland; AND (ii) the third-party

money manager does not reduce or utilize the 12b-1 fees to supplement the Solicitors Fees that the third-party money manager identifies as payable to Packerland in their disclosure of the Solicitors Fees to their clients.

Please also note that expenses of the mutual funds are charged separately to the mutual fund holders by the mutual funds themselves. These expenses are generally not shared with Packerland. Packerland and its IARs will use its best business judgment to select the appropriate share class for the investments they recommend, but clients should note that the most appropriate share class may not necessarily be the lowest cost share class that is available. In selecting the most appropriate share class, Packerland and its IARs may use a variety of factors including, but not limited to, the lowest cost share class available; the historic use and knowledge of the share class utilized by the IARs in the past; and the fact that certain share classes may have a higher minimum investment requirement; restrictions on eligibility; or other disclosures in their prospectuses of requirements which may or may not be waived by the issuing mutual fund company.

A client could invest in a mutual fund directly, without the services of Packerland and its IARs or the services of the third-party money manager. In that case, the client would not receive the services provided by Packerland and its IARs which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. The client should review both the fees charged by the funds and Packerland's or the third party money manager's fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

#### Additional Fees and Expenses

In addition to Packerland's advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any transaction charges imposed by a broker-dealer with which an independent investment manager effects transactions for the client's account(s).

With respect to programs which have Hilltop as a co-advisor or utilizes Hilltop as a platform, Clients should note that, until such time that an advisory account has been approved by Packerland as an advisory account, the client account is deemed a brokerage account. Accordingly, any charges connected to a securities transaction, including commissions, would be assessed since the account would still be considered a broker-dealer account. Thus, the clients should carefully evaluate when they desire to purchase securities in their accounts and ensure that all securities transactions are done AFTER the account has been accepted as an advisory account by Hilltop.

Clients should also be aware that certain third parties, including the custodian broker, may assess charges for their services to Packerland. Packerland has utilized these charges in its assessment of the fees it will charge to its clients to allow Packerland clients access to such services. Thereafter, Packerland will establish the fees it will charge for providing its clients with access to

such ancillary services. Thus, all fees charged by Packerland are Packerland fees and are not “pass-through” fees from other service providers. Thus, Packerland’s fees for certain services may be higher than the fees that is charged to it by its third party service providers and may be higher or lower than fees for similar services charged by other service providers. Clients should take that into consideration when assessing whether to utilize Packerland’s services.

Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Various vendors, product providers, distributors and others may provide non-monetary compensation by providing training, education and publications that may further Packerland’s employees’ skills and knowledge. Some vendors may occasionally provide Packerland with gifts, meals and entertainment of reasonable value consistent with industry rules and regulations. Packerland may, in accordance with its compliance policies and its code of ethics, accept lodging or reasonable travel expenses from third parties related to educational seminars (including those regarding products it recommends); reimbursement of its reasonable lodging, reasonable travel expenses and costs related to its due diligence investigations; or third-party payment of its conference fee costs or fees to attain professional designations. The existence of these gifts, meals and entertainment provided by these vendors and others, which are consistent with industry rules and regulations and Packerland’s Code of Ethics, may create a conflict of interest that could influence Packerland and its representative to use these vendors or products that may have higher costs or less favorable services than other suitable alternatives which do not provide equivalent compensation to Packerland or its representatives.

#### Grandfathering of Minimum Account Requirements

Advisory clients are subject to Packerland's minimum account requirements and advisory fees which were in effect at the time the client entered into the advisory relationship. Therefore, the Firm's minimum account requirements may differ among clients, depending upon when the clients entered into an advisory agreement with Packerland. Please note the description of certain account minimum requirements under Item 7.

#### Advisory Fees in General

Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

#### Limited Prepayment of Fees

Packerland does not require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

#### Compensation

Certain Packerland IARs are dually registered with Packerland as both an investment adviser representative of the Packerland RIA and a registered representative of the Packerland broker-dealer. If this is the case, Packerland will receive some or all of the fees, ticket charges and/or the advisory service fee. Packerland will share this compensation with its representatives according to the agreement between the representative and Packerland. While Packerland will recommend the most appropriate program for its clients, it is possible that the amount of compensation received, directly or indirectly, by Packerland and its representatives, as a result of recommending a wrap fee program, a Co-Advisory Program, a Solicitors Program or any other program, may be more than the amount of compensation Packerland and its IARs would receive if they recommended another investment program.

Unless specifically excluded by the terms of the investment advisory agreement, account balances in the money market funds are included as part of the calculation for asset under management used to compute the fees for the account. Consequently, any asset-based fees owed under the investment advisory agreement will be based, in part, on the balances in these investments. In addition, the custodian may serve as adviser, distributor, or administrator to the money market funds and receive compensation for those services. The money market funds may also pay shareholder servicing, shareholder communication, sub-accounting, and 12b-1 fees and charges to the custodian, as well as fees for the execution of purchases of fund shares, or for trade clearance, settlement, custodial or other functions ancillary thereto. These fees and charges are expenses of the money market funds, which the client will bear, indirectly, as a fund shareholder.

Packerland's proportionate share of this compensation will increase as the aggregate balances in the money market funds or other depository products increase. Consequently, the possibility of this compensation creates an incentive for Packerland to make decisions for the account which would have the effect of increasing this compensation.

Packerland's custodian has certain revenue sharing programs that it may, at its sole discretion share with Packerland, including revenue from interest earned on margin accounts and revenue derived from uninvested cash in client accounts (the "Cash Sweep Program") and services, such as margin accounts. For example, prior to March 2023, Hilltop's Cash Sweep Program allowed clients the ability to automatically move uninvested cash into their accounts to either their choice of a money market mutual fund or its Bank Insured Deposit Program. However, Hilltop has determined to discontinue the money market mutual fund option, effective March 6, 2023. Clients who have elected to utilize the money market mutual fund option as their cash sweep option will have those funds automatically converted and invested into the Bank Insurance Deposit Program – up to the current maximum amount of FDIC coverage which for individual accounts is FDIC insured up to \$5 Million; for Joint Accounts is FDIC insured up to \$10 Million. In the Hilltop Bank Insurance Deposit Program, any client that exceeds the FDIC coverage limits listed above will have their "overflow" funds swept into the Dreyfus Government Cash Management Money Market Fund, Investor Class (DGVXX). Any clients who do not wish to transition to the Hilltop Bank Insurance Deposit Program as their sweep election may work with their IARs to discuss alternative options such as having cash remain in their investment account instead of sweeping

out or using account cash to invest in other securities. Alternatively, for any clients who wish to continue to actively move their uninvested cash into money market mutual fund option, Hilltop has advised Packerland that it will waive the ticket charges through December 31, 2023 for trades in and out of these MMF securities: Federated Hermes Prime Obligations (PTAXX), Dreyfus Government Cash Management (DGVXX), Dreyfus National Municipal Money Market (GTMXX), Dreyfus Treasury Obligations Cash Management (DTAXX), Dreyfus Treasury Securities Cash Management (DVRXX), Federated Hermes California Municipal Cash Trust (CACXX), Federated Hermes New York Municipal Cash Trust (NISXX). All clients should have received notice of the changes to Hilltop's sweep program upon receipt of their December 2022 Customer Statement. Clients are encouraged to consult with their Representative regarding any questions or concerns they may have with the changes to the Sweep Program. Interest earned from these revenue sources are paid directly to the Clients. However, Packerland's custodian had paid Packerland a "participation fee" in the past. After its discovery that its custodian had paid it a "participation fee," Packerland has advised its custodian that it does not desire to receive any revenue from the Cash Sweep Programs utilized by its clearing firm and has directed its custodian that any revenue derived from such Cash Sweep Program shall be rebated back to the clients. With respect to other fees charged by the custodian which are shared with Packerland, clients should be advised that the fees are Packerland fees for services provided by Packerland to allow access to its clearing firm. These fees are established by Packerland in consultation with its custodian with a reasonable profit built in for Packerland. This is sometimes referred to as a "mark-up".

Packerland and the custodian are permitted to route client orders for over the counter and listed equity securities to selected market makers or market centers for execution. While they have an obligation to provide best execution services to the client, the client should note that both entities may receive compensation in the form of a per-share cash payment for directing order flow to these market makers or market centers. Finally, as part of its best execution policies, Packerland may discover that certain broker-dealers may be less costly than its custodian and executing broker (a "stepped-out trade"). Packerland will assess whether the transaction would be less costly with the payment of the fees for portfolio transactions executed away from Hilltop to determine which transaction would be in the best interest of the client.

### General Fee Practices

Transactions that have not settled prior to the last trading day of a calendar quarter may be included in either the current or the following calendar quarter, as determined by Packerland pursuant to its policies, procedures and practices. Fees are not charged on the basis of all or some of the funds of a share of capital gains or capital appreciation of an advisory client. Unless otherwise provided in the investment advisory agreement, Packerland will calculate fees on the basis of a 365-day year so that the amount payable each quarter will be based on the actual number of calendar days in that quarter. If a client terminates their account prior to the end of any quarter, they will receive a pro-rated refund, if any, of advisory fees paid in advance.

Unless otherwise limited by the custodian or an agreement with other third-party registered investment advisers or a separate account program, and subject to usual and customary

securities settlement procedures, a client may make additions or withdrawals from their account at any time. Clients should understand that additions to or withdrawals from certain accounts may affect the fees for the accounts as the fees are calculated based upon the assets under management. For example, certain additions or withdrawals exceeding the threshold established by the custodian will cause the custodian to prorate the fees that are charged to the client. As of the date of this booklet, the established threshold is \$10,000.00 for both contributions and withdrawals. Clients are advised to discuss how additions or withdrawals may affect the calculation of the assets under management with their Packerland representative. Additions and withdrawals from certain accounts may also create a tax liability which should be discussed with a qualified tax professional. No fee adjustment will be made for appreciation or depreciation in the value of any account during the fee calculation period. No refund or other adjustment of a fee already paid will be made as a result of a decline in value of the account (whether due to market losses or withdrawals). Adjustments to the fees are made by the Custodian in the event that deposits or withdrawals exceed the established threshold set forth above for those accounts where the fees are collected in advance. In the event the investment advisory agreement is terminated within five days after its initial execution, all advisory fees will be refunded pursuant to the terms in the investment advisory agreement.

In order to seek best execution and minimize market impact, trades can be “stepped-out” in order to gain best execution and minimize market impact. In some instances, stepped-out trades are executed by the other firms without any additional commission or markup or markdown, but in other instances, the executing firm imposes a commission or a markup on the trade. If a client’s investment sub manager steps-out trade orders for the client’s account with a broker-dealer other than Packerland’s executing broker, and the other broker-dealer imposes a commission or equivalent fee on the trade (including a commission embedded in the price of the investment), the client will incur trading costs in addition to the Advisory Fee. See Item 12, Brokerage Services, below.

The client should note that by signing an investment advisory agreement, they have directed the custodian to pay the advisory fee as instructed by Packerland or any other third-party money manager on a scheduled basis without any additional prior notice. All account assets, transactions, and advisory fees will be shown on the monthly or quarterly statements provided by the custodian.

### Conflicts of Interest

As previously stated, some Packerland IARs are dually registered with Packerland’s broker-dealer. As a result, all programs offered by its representatives are conducted through Packerland’s programs. Although Packerland and its representatives will recommend the most appropriate program for their clients, it is possible that the compensation received, directly or indirectly, by Packerland or its representatives for recommending a program may be more than the compensation Packerland or its representatives would receive if they recommended another program.

Some Packerland IARs are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. As stated above, clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations, but should note that the IARs may be recommending products or services in which they may receive additional compensation. While the implementation of any or all recommendations is solely at the discretion of the client, clients should be aware that there may be other insurance products that are offered by other insurance agents at a lesser cost than those recommended by the Packerland IAR in his or her capacity as an independent insurance agent.

The fees for a wrap fee program vary greatly from the fees for a non-wrap program. In a wrap program, many of the transaction fees are not charged in lieu of a wrap fee that is charged, which includes the transaction fee and other fees associated with the account. Clients should check with their IARs to determine which transactions fees are included as part of the wrap fee and which transaction charges are charged in a wrap fee program. In some cases, it may be more beneficial for the client to choose a wrap fee, while in other cases, the client would be better served to choose a non-wrap fee. Consequently, Packerland and its representatives may have a financial incentive to recommend a wrap-fee program over other programs or services that might meet the needs of their clients at a lower cost (such as, mutual funds, ETFs, or fee plus commission arrangements). Thus, clients should discuss the issue of a wrap fee versus a non-wrap fee with their Packerland IAR prior to entering into any specific program.

Please note that the amounts charged to the client's account for services, fees, expenses, or costs that Packerland has performed, incurred, advanced, or paid on the client's behalf (whether or not billed to the client, the account, or Packerland) will include a reasonable profit, unless prohibited under the investment advisory agreement or applicable laws, regulations, or rules. The existence of this profit may create a conflict of interest that could influence Packerland to recommend opening or maintaining accounts that may have higher costs or less favorable services than other suitable alternatives which do not provide equivalent compensation to Packerland or its representatives.

#### **Item 6: Performance-Based Fees and Side-by-Side Management**

Performance-based fees are fees in which representatives are compensated based on a share in capital gains or capital appreciation of assets in a client account. Packerland does not permit, and its IARs do not, charge performance-based fees.

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

Packerland provides advisory services to the following types of clients: individuals, including high net worth individuals; trusts, estates, corporations or other businesses; charitable organizations; and Sponsors or other fiduciaries to retirement plans. In order for clients to participate in certain programs, account balance minimums may be imposed based on the investment program selected. Packerland reserves the right to amend or waive these requirements at any time.

Failure to maintain certain account minimums may result in the termination of the investment advisory agreement.

**Asset Advisory Accounts** generally have an initial account minimum requirement of \$25,000.

**Co-Advisory Program, Advisory Programs Using Hilltop and the Envestnet Platform and Solicitors Programs** have account minimums that vary depending on the third-party money manager that is selected. Other terms may apply to account opening and maintenance, which may be found in the third-party money manager's investment advisory agreement.

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

### ***Methods of Analysis:***

Packerland IARs may use one or more the following methods of analysis in formulating their investment advice and/or managing client assets:

#### Charting

In this type of technical analysis, Packerland IARs review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

#### Fundamental Analysis

Packerland IARs attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

#### Technical Analysis

Packerland IARs analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly managed or financially unsound company may underperform regardless of market movement.

#### Cyclical Analysis

In this type of technical analysis, Packerland IARs measure the movements of a particular stock



against the overall market in an attempt to predict the price movement of the security price or earnings per share and predict changes to that data. A risk in using cyclical analysis is that the models used may be based on assumptions that prove to be incorrect.

### Qualitative Analysis

Packerland IARs subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement and predict changes to share price based on that data. A risk in using qualitative analysis is that their subjective judgment may prove incorrect.

### Asset Allocation

Rather than focusing primarily on securities selection, Packerland IARs attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance. A risk of asset allocation is that the client may not participate in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to stock and market movements and, if not corrected, will no longer be appropriate for their clients' goals.

### Mutual Fund and/or ETF Analysis

Packerland IARs look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. Packerland IARs also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. Packerland IARs also monitor the funds or ETFs in an attempt to determine if the managers of the mutual fund or ETF are continuing to follow their stated investment strategy. A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as Packerland and its IARs do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

### Third-Party Money Manager Analysis

Packerland and its IARs examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers who have entered into a Solicitor's Agreement or a Co-Advisory Agreement or is an approved investment manager within the Investnet platform in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. Packerland's IARs monitor the

manager's performance as part of the IARs' overall periodic risk assessment for suitability. Packerland will interview its IARs and will discuss their findings with respect to the suitability of the third-party money manager. Packerland will also interview the IARs to obtain the IARs' impressions as to the quality of service provided by the third-party money managers and the performance of their strategy as measured against the benchmarks provided by the third-party money manager. Packerland also collects performance data of the third-party money manager and uses the data and interviews to determine whether the third-party money manager should remain on the approved platform. Packerland and its IARs also advise their clients that the third-party money manager may not be able to replicate that success in the future.

In addition, as Packerland does not control the underlying investments in portfolios in the Solicitors Program or with certain programs using the Envestnet platform, there is a risk that a third-party money manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for Packerland clients. Moreover, as Packerland does not control the third-party money manager's daily business and compliance operations, it may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

#### Risks for All Forms of Analysis

Packerland and its IARs' securities analysis methods rely on the assumption that the companies whose securities they purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While Packerland and its IARs are alert to indications that the data may be incorrect, there is always a risk that their analysis may be compromised by inaccurate or misleading information.

#### ***Investment Strategies:***

Packerland and its IARs use the following strategy or strategies in managing client accounts, provided that such strategy or strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance and time horizons. In certain strategies, increased brokerage and/or trading costs may affect investment returns.

#### Long Term Purchases

Packerland and its IARs purchase securities with the intent of holding them in the client's account for a year or longer. Typically, they employ this strategy when (i) they believe the securities to be currently undervalued, and/or (ii) they want exposure to a particular asset class over time, regardless of the current projection for this class or (iii) the yield (income) of the investment is attractive and consistent with the investment objectives of their client. A risk in a long-term purchase strategy is that by holding the security for this length of time, Packerland and its IARs may not take advantage of short-term gains that could be profitable to a client. Moreover, if their predictions are incorrect, a security may decline sharply in value before Packerland and its IARs

make the decision to sell. Finally, a security may, at any time and without prior notice, decrease/suspend/terminate its payment of dividends, coupon payments, or return on capital, thereby decreasing the yield of stated investment.

### Short Term Purchases

When utilizing this strategy, Packerland and its IARs purchase securities with the idea of selling them within a relatively short time (typically a year or less). Packerland and its IARs do this in an attempt to take advantage of conditions that they believe will soon result in a price swing in the securities they purchase. A risk inherent in short-term purchase strategy is that if its predictions are incorrect, a security may decline sharply in value before Packerland and its IARs make the decision to sell.

### Trading

Packerland and its IARs purchase securities with the idea of selling them very quickly (typically within 30 days or less). Packerland and its IARs do this in an attempt to take advantage of their predictions of brief price swings. An inherent risk in trading of this nature is that if Packerland and its IARs' predictions are incorrect, a security may decline sharply in value before they make the decision to sell. Additionally, this type of strategy may fail to realize any/all long-term price appreciation due to the high turnover rate of the securities being traded.

### Options

Packerland and its IARs may use options as an investment strategy, as long as the account is qualified to trade options. Certain standardized options issued by the Options Clearing Corporation are securities, regulated by the SEC. An option is also considered a "derivative" because it derives its value from an underlying asset. The two types of options are calls and puts:

- A call gives the holder (the buyer of the call) the right to buy an asset at a certain price within a specific period of time. Packerland and its IARs will buy a call if they have determined that the stock will increase substantially before the option expires.
- A put gives the holder (the buyer of the put) the right to sell an asset at a certain price within a specific period of time. Packerland and its IARs will buy a put if they have determined that the price of the stock will fall before the option expires.

If the account is eligible for options and when appropriate, Packerland and its IARs:

- will use options to speculate on the possibility of a sharp price swing;
- will also use options to "hedge" a purchase of the underlying security; in other words, Packerland and its IARs will use an option purchase to limit the potential upside and downside of a security they have purchased for a client's portfolio;

- will use "covered calls", in which they sell an option on a security the client owns. In this strategy, the client receives a premium for making the option available, and the person purchasing the option has the right to buy the security from the client at an agreed-upon price; and
- will use a "spreading strategy", in which it purchases two or more option contracts (for example, a call option that the client buys and a call option that the client sells) for the same underlying security. This effectively puts the client on both sides of the market, but with the ability to vary price, time and other factors.

***Risk of Loss:***

Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal. Most securities investments are not guaranteed and the clients may lose money on their investments. Packerland and its IARs ask that their clients work with them to help them understand the clients' tolerances for risk.

**Item 9. Disciplinary Information**

In December 2017, Packerland consented to the entry of a Cease and Desist Order ("Order") by the SEC in which Packerland was found to have violated Sections 206(2), 206(4) and 207 of the Investment Advisers Act and Rule 206(4)-7 promulgated thereunder. Packerland neither admitted nor denied the findings in the Order, in which the SEC found that Packerland failed to disclose to its advisory clients utilizing the Solicitor's Program, a financial conflict of interest that existed when Packerland's broker-dealer received 12b-1 fees in connection with the advisory clients' purchase of service class mutual fund shares when there was an investor class of the same mutual fund shares that did not pay a 12b-1 fee. Without admitting or denying the findings contained in the Order, Packerland agreed to: (i) cease and desists from committing or causing any future violations of Sections 206(2), 206(4) and 207 of the Advisers Act, as well as Rule 206(4)-7; (ii) a censure; (iii) pay an amount to each affected client which represents the full amount of the 12b-1 fees paid to the broker-dealer by the vendor for the clients' purchases at any time during the relevant period; and (iv) pay a civil penalty along with prejudgment interest.

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

***Firm Registrations:***

**BROKER-DEALER:** In addition to Packerland Brokerage Services, Inc. being a registered investment adviser, the Firm is registered as a FINRA member broker-dealer.

***Management Personnel Registrations:***

Since Packerland is dually registered as a broker-dealer and a Registered Investment Adviser,

certain management personnel of the Firm are also registered with its broker-dealer as registered representatives of Packerland Brokerage Services, Inc., a FINRA member broker-dealer. As registered representatives of the affiliated broker-dealer, certain individuals, in their separate capacity, can affect securities transactions for which they will receive separate, yet customary compensation. While Packerland and these individuals endeavor at all times to put the interest of the clients first as part of their 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.

The Firm has established written policies and procedures for insider trading that prohibit its representatives, access persons and any other member, officer or employee of the Firm, from buying, selling or recommending the securities of companies bought, sold or recommended where the decision is substantially derived, in whole or in part, by reason of access to material inside information.

**INSURANCE COMPANIES:** Some management personnel of Packerland, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of their clients, who may also be advisory clients of Packerland. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

**Third-party money managers:** As previously disclosed, Packerland recommends the services of various third-party money managers as registered investment advisers to clients who are suitable for the Solicitors Program. In exchange for this recommendation, Packerland receives a referral fee from the selected third-party money managers. Packerland does not charge the client any fees directly for these services, but it does receive a referral fee from the third-party money manager that is fully disclosed to the client. The fee paid to Packerland does not increase the total advisory fee paid to these third-party money managers by the client.

Currently available third-party money managers in the Solicitors Program are only those third-party money managers in which Packerland has entered into a Solicitor's agreement. Packerland is aware of the special considerations required under Rule 206(4)-3 of the Investment Advisers Act of 1940 in regard to Solicitor third-party money managers. As such, Packerland makes all appropriate disclosure and observed all applicable Federal and State laws regarding such referral fees.

### ***Other Information Regarding Conflicts of Interest:***

Clients should be aware that the receipt of additional compensation by Packerland and its management persons or employees creates a conflict of interest that may impair the objectivity of the Firm and those individuals when making advisory recommendations. Packerland endeavors at all times to put the interest of its clients first as part of its fiduciary duty as a

registered investment adviser. Packerland takes the following steps to address this conflict:

- Packerland has adopted and adheres to a Code of Ethics, wherein, among other things, it mandates that its representatives put their clients' interests first at all times.
- Packerland discloses to clients the existence of material conflicts of interest, including the potential for the Firm and its employees to earn compensation from advisory clients in addition to the Firm's advisory fees;
- Packerland advises its clients that they are not obligated to purchase recommended investment products from its employees or affiliated companies as that decision is entirely at the clients' discretion;
- Packerland collects, maintains and documents accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- Packerland's management conducts regular reviews of each client account to verify that recommendations made to a client are suitable to the client's needs and circumstances;
- Packerland requires that its employees seek prior approval of any outside employment activity so that it may ensure that any conflicts of interests in such activities are properly addressed;
- Packerland periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by the Firm;
- Packerland educates its employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients; and
- Packerland conducts initial and periodic due diligence on the selected third-party investment advisers to establish that the advisers are suitable to recommend to its clients.

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

Packerland has adopted a Code of Ethics which sets forth high ethical standards of business conduct that it requires of its employees and associated persons, including compliance with applicable federal securities laws. Packerland and its personnel owe a duty of loyalty, fairness and good faith towards its 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 of Ethics.

Packerland's Code of Ethics includes policies and procedures for the review of ongoing transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, the 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. The Code of Ethics also provides for oversight, enforcement and recordkeeping provisions.

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

Packerland's Code of Ethics is designed to assure that the personal securities transactions, activities and interests of its employees and registered persons 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 and registered persons to invest for their own accounts.

Packerland and/or individuals associated with the Firm may buy or sell for their personal accounts securities identical to or different from those recommended to its clients. In addition, any related person(s) may have an interest or position in certain securities which may also be recommended to a client.

It is the expressed policy of Packerland that no person employed by it may purchase or sell any security immediately prior to an identical transaction(s) being implemented for an advisory account of that employee ("trading ahead"), thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts. Packerland may aggregate its employee trades with client transactions where possible and when compliant with its duty to seek best execution for its clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, Packerland will allocate all purchases pro-rata, with each account paying the average price. Packerland's employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to Packerland clients, Packerland has established the following policies and procedures for implementing the Firm's Code of Ethics to ensure the Firm complies with its regulatory obligations and provides its clients and potential clients with full and fair disclosure of such conflicts of interest:

- No principal or employee of the Firm may put his or her own interest above the interest of an advisory client;
- No principal or employee of the Firm may buy or sell securities for his or her personal portfolio(s) where his or her decision is a result of information received as a result of his or her employment unless the information is also available to the investing public;

- It is the expressed policy of the Firm that no person employed by Packerland may trade ahead of an advisory account of that employee, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts;
- The Firm currently prohibits the purchase of any initial public offering (an "IPO") or private placement investments by related persons of the Firm;
- Packerland maintains a list of all reportable securities holdings for the Firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by the Firm's Chief Compliance Officer or his/her designee;
- Packerland has established procedures for the maintenance of all required books and records;
- All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process;
- Clients can decline to implement any advice rendered, except in situations where the Firm is granted discretionary authority;
- All principals and employees must act in accordance with all applicable federal and state regulations governing registered investment advisory practices;
- Packerland requires delivery and acknowledgement of the Code of Ethics by each supervised person of the Firm;
- Packerland has established policies requiring the reporting of Code of Ethics violations to its senior management; and
- Any individual who violates any of the above restrictions may be subject to termination.

As disclosed in the preceding section of this Brochure (Item 10), related persons of the Firm are separately registered as securities representatives of its broker-dealer, and/or are licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 and Packerland's IAR for a detailed explanation of these relationships and important conflict of interest disclosures.

A copy of the Firm's Code of Ethics may be obtained by contacting Aaron A. Doelger, Chief Compliance Officer, using the contact information provided on the cover page of this document.



## **Item 12. Brokerage Practices**

### **A. Factors Used to Select Custodian and/or Broker/Dealers**

Packerland requires clients to establish a brokerage account with its brokerage division and custody their assets with a third-party custodian/broker chosen by Packerland (“Custodial Broker”). Factors considered by Packerland in choosing the Custodial Broker include, but are not limited to, the reasonableness of its commissions, product availability, experience and knowledge of the Custodial Broker’s operations, research and other services available to both the client and Packerland.

As an investment adviser and broker-dealer, Packerland has a duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the lowest price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the timelines of the execution, apparent market conditions at the time the trade is placed (including the float and efficiency of the market) and the needs of the particular client. Packerland seeks to obtain best execution for its clients’ transactions, which may not necessarily mean the best price or lowest commission available but rather the best overall qualitative execution given the particular circumstances. Packerland is responsible for managing client accounts on a day-to-day basis and selecting the broker-dealer for client transactions in accordance with their best execution policies.

In seeking best execution, Packerland and its executing broker’s primary objective is to seek prompt execution of orders at the most favorable prices reasonably obtainable. Sub-managers in various Packerland programs may have discretion to cause trades to be executed by broker-dealers other than Packerland’s executing broker if the investment sub-manager reasonably determines in good faith that using another broker-dealer is likely to result in better execution than if the trades were executed by Packerland’s current executing broker. Occasionally, in order to seek best execution and minimize market impact, trades can be “stepped-out” in order to gain best execution and minimize market impact. In some instances, stepped-out trades are executed by the other firms without any additional commission or markup or markdown, but in other instances, the executing firm imposes a commission or a markup on the trade. If a client’s investment sub manager steps-out trade orders for the client’s account with a broker-dealer other than Packerland’s executing broker, and the other broker-dealer imposes a commission or equivalent fee on the trade (including a commission embedded in the price of the investment), the client will incur trading costs in addition to the Advisory Fee, even if the account is a wrap fee account. Packerland is not a party to step-out trades and is not in a position to negotiate the price or transaction related cost(s) with broker, dealer or bank selected by the sub-manager for these trades.

Some of the advisory programs offered by Packerland contains fees that are similar to the fees charged to a traditional brokerage account. In those programs, Packerland has established a fee for items such as “postage fees”, “ticket charges” and other miscellaneous fees. These fees are established by Packerland and do not necessarily reflect the fees that Packerland is charged for

similar services by its custodian or other third-party service providers. Packerland clients are also assessed a regulatory fee under Section 31 of the Securities Exchange Act of 1934 (the “Exchange Act”) for securities transactions (the “regulatory fee”). While this regulatory fee requires self-regulatory organizations (“SROs”) to make certain payments to the Securities and Exchange Commission, the SROs, in turn, adopted certain rules which require its members, who are broker-dealer firms, to pay the per transaction charges that the SROs use to meet their obligations. Typically, the broker-dealers, like Packerland and its executing brokers charge their customers the same per-transaction charge. Packerland assesses its broker-dealer customers who transact in securities the same charge that it is assessed by the SROs and the same charge that the SROs are assessed under Section 31 of the Exchange Act. Packerland urges its clients to consult their IARs to discuss all fees associated with their advisory accounts at Packerland.

### Support Products and Services

The Custodial Broker may provide Packerland with access to its institutional trading and custody services, which are typically not available to retail investors. These services are generally available to independent investment advisers on an unsolicited basis. Some of the services provided by the Custodial Broker also include brokerage, custody, research and access to certain mutual funds and other investments that may not otherwise be available to non-institutional investors or would require a significantly higher minimum initial investment.

As previously discussed, the Custodial Broker may provide Packerland clients the ability to buy securities on margin and charge the Packerland client interest incurred by the margin account. Such interest collected by the Custodial Broker may be shared with Packerland. In addition, there may be other similar revenue sharing between the Custodial Broker and Packerland. For example, certain fees (such as IRA fees) and expenses (such as postage fees, ticket charges, and other miscellaneous fees) may be collected by the Custodial Broker and shared with Packerland. The fees charged by the Custodial Broker and shared with Packerland may not necessarily reflect the same price that the Custodial Broker charges to Packerland for similar circumstances. As discussed above, the fees for these services are Packerland fees, established by Packerland after taking into consideration the fees that are charged to Packerland and obtaining a reasonable profit for the offering of such services to Packerland clients. As noted above, certain other fees, like the regulatory fee, collected by Packerland from its customers are paid to the regulators.

The Custodial Broker may also make available to Packerland other products and services that benefit Packerland but may not benefit its clients’ accounts. Some of these other products and services may assist Packerland in managing and administering clients’ accounts. These may include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitation of trade execution (and allocation of aggregated trade orders for multiple client accounts), providing research pricing information and other market data and assisting with back-office functions, recordkeeping and client reporting. Some custodians will invest the uninvested portion of cash in certain advisory accounts that meet criteria established by the custodian in overnight securities instruments and is provided with a participation payment on those accounts that have uninvested cash

in excess of certain minimums established by the Custodial Broker. While the Custodial Broker pays the interest that is earned by the uninvested cash to the Client, in some cases, the Custodial Broker also makes a payment to the broker-dealer that introduces the client to the issuer of the particular overnight instrument used by the fund (the "Participation Payment"). Packerland has advised its Custodial Broker that it does not desire such Participation Payment and therefore will not accept any Participation Payments made by the Custodial Broker on uninvested cash that is swept into an overnight interest bearing instrument. Packerland has also instructed its Custodial Broker to direct any Participating Payments into their clients' accounts. Many of these services may be used to service all or a substantial number of Packerland's accounts, including accounts not maintained at the Custodial Broker providing the services. Clients generally do not have the ability to select which programs or Custodial Brokers Packerland engages with as it relates to Participation Payments as a default mechanism. Packerland's Custodial Broker has determined that it would use Bank Insured Deposits Program for its cash sweep vehicle in the future, but will allow clients to choose a money market mutual fund if they so desire. Clients choosing to use a money market mutual fund for its cash sweep program will have to instruct the Custodial Broker which money market mutual fund they desire to use. While transaction fees for those transactions are currently being waived through the end of 2023, there are no assurances that the fees will be waived after the end of 2023.

The Custodial Broker may also make available to Packerland other services intended to help Packerland manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, the Custodial Broker may make available, arrange and/or pay for these types of services rendered to Packerland by other independent third parties. As such, Packerland has an incentive to select or recommend a Custodial Broker based on its interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution. While Packerland endeavors to act in its clients' best interests, Packerland's requirements that its clients maintain their assets in accounts at the Custodial Broker may be based in part on the benefit to Packerland of the availability of some of the foregoing products and services.

In addition, due to the fact that Packerland does not directly pay for these services, including any research received, it may be construed as receipt of an economic benefit by Packerland and therefore, a conflict of interest exists between Packerland and the client.

## **B. Research and Other Soft-Dollar Benefits**

Packerland does not currently participate in soft dollar arrangements and does not receive any soft dollar benefits. However, if Packerland is a co-advisor, sub-advisor or the Solicitor, registered investment advisors utilized by Packerland in those programs may utilize soft dollars in accordance with their soft dollar policies. Thus, clients should review the applicable Form ADV for the third-party registered investment advisor utilized in the clients' program.

### **C. Aggregating and Allocation of Transactions**

As a matter of policy and practice, Packerland does not generally block client trades and, therefore, it implements client transactions separately for each account. Consequently, certain client trades may be executed before others, at a different price and/or commission rate. Additionally, Packerland clients may not receive volume discounts available to advisers who block client trades.

### **D. Administrative Trade Errors**

From time-to-time, Packerland and/or its custodian may make an error in submitting a trade order on the client's behalf. Trading errors may include a number of situations, such as:

- The wrong security is bought or sold for a client;
- A security is bought instead of sold;
- A transaction is executed for the wrong account,
- Securities transactions are completed for a client that had a restriction on such security; or
- Securities are allocated to the wrong accounts.

When this occurs, Packerland may place a correcting trade with the broker-dealer which has custody of the client's account and handled in accordance with the executing broker's policies and procedures with respect to its error account. Any gains and losses will also be handled in accordance with the executing broker's policies and procedures regarding trade errors. Generally, the resolution of any errors will restore the client to the same position as if the trading error did not take place. If a loss occurs due to Packerland's administrative trade error, Packerland is responsible and will pay for the loss to ensure that its clients are made whole.

### **Item 13: Review of Accounts**

#### ***Investment Supervisory Services:***

Packerland considers account reviews a continuous process, with the frequency and nature of the review dependent on various factors and situations, including, but not limited to:

- whether the account is managed on a discretionary basis;
- the buying and selling of a security;
- balancing gains/losses for tax planning;

- raising or lowering cash based on market conditions;
- investing new capital contributions; and
- adjusting overall portfolio composition to maximize returns given current market conditions.

At various times, depending on the nature and reason for the review, Packerland may review the suitability of the various programs in which the account participates, the securities held within the account and the client's particular financial resources and time horizon (Suitability Information). In addition to the compliance professionals in its home office, Packerland employs branch office managers, who are responsible for performing regular reviews of all Packerland accounts within their jurisdiction.

The number of accounts assigned to each branch office manager depends upon the size of the branch and its affiliated offices. Packerland's Compliance Department will periodically review this supervisory system and a sampling of the transactions it records to make certain that it continues to alert the branch office managers to possible procedural violations.

The representative will review the client's portfolio on a regular basis to ensure that the client remains suitable to remain a client of the selected program.

The investment advisory agreement for some programs may provide for additional reports. Accounts will receive performance or other reports only as specifically provided in the investment advisory agreement.

### Financial Planning

**REVIEWS:** While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless it is specifically included as part of the contract for services.

**REPORTS:** Depending on the services provided, Financial Planning clients may receive a completed financial plan. Additional reports will not typically be provided unless it is specifically included as part of the contract for services.

### Asset Advisory Accounts

**REVIEWS:** While the underlying securities within Asset Advisory Accounts are continually monitored, these accounts are reviewed at least annually, or in accordance with customer direction. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, the market, or political or economic environment.

These accounts are reviewed by the Packerland IAR with the client, unless directed otherwise by the client. These accounts are also subject to review by Packerland's Compliance Department, as part of the Compliance Department's routine inspection of the representative's branch office, targeted examination of the representative or a specific investment, routine or special surveillance program or random inspection of the representative and/or the representative's accounts.

REPORTS: All clients will receive the following reports from the custodian:

- confirmation of each securities transaction;
- a quarterly statement reflecting all activity in the account during the preceding period, including all transactions made on behalf of the account, all contributions and withdrawals, all fees and expenses, and the value of the account at the beginning and end of the period; and
- all other documents required by law to be provided to security holders.

#### Co-Advisory Program Accounts

REVIEWS: While the underlying securities within the Co-Advisory Program accounts are continually monitored by the third-party money manager, these accounts are generally reviewed on an annual basis or in accordance with customer direction. Accounts are reviewed in the context of the investment objectives and guidelines of each model portfolio as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances or the market, political or economic environment.

These accounts are generally reviewed by the Packerland IAR with the client on an annual basis, unless directed otherwise by the client. These accounts are also subject to review by Packerland's Compliance Department, as part of the Compliance Department's routine inspection of the representative's branch office, targeted examination of the representative or a specific investment, routine or special surveillance program or random inspection of the representative and/or the representative's accounts.

REPORTS: All clients will receive the following reports from the Custodian:

- confirmation of each securities transaction;
- a quarterly statement reflecting all activity in the account during the preceding period, including all transactions made on behalf of the account, all contributions and withdrawals, all fees and expenses, and the value of the account at the beginning and end of the period; and

- all other documents required by law to be provided to security holders.

Clients should also refer to the third-party money manager's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser. Packerland does not typically provide reports in addition to those provided by the third-party money manager selected to manage the client's assets.

#### Advisory Programs Using Hilltop and the Envestnet Platform and Solicitors Program Accounts

**REVIEWS:** While the underlying securities within the portfolios of these accounts are being managed and monitored by a third-party money manager, the IAR will conduct an initial review with the client to determine that the client is suitable to enter into an investment advisory contract using Hilltop and the Envestnet Platform or with the third-party money manager for the Solicitors Program. Packerland's IAR will generally review the client's portfolio on an annual basis, unless directed otherwise by the client, to determine that the clients remain suitable for the Advisory Programs using Hilltop and the Envestnet Platform or the Solicitors Program and will perform the administrative tasks of transmitting certain client instructions to Hilltop or the third-party money manager, as disclosed in the Solicitor's Disclosure Statement provided to the client.

**REPORTS:** Clients should refer to the third-party money manager's Form ADV (or other disclosure document used in lieu of the Form ADV) for information regarding the nature and frequency of reports provided by the third-party money manager to the clients. Packerland does not typically provide reports in addition to those provided by the third-party money manager selected to manage the client's assets.

#### Retirement Plan Accounts

**REVIEWS:** Packerland will review the client's Investment Policy Statement (IPS) whenever the client advises it of a change in circumstances regarding the needs of the retirement plan. Packerland will also review the investment options of the retirement plan according to the agreed upon time intervals established in the IPS. Such reviews will generally occur quarterly unless the client dictates otherwise. These accounts are reviewed by the Packerland IAR with the Sponsor, unless directed otherwise by the client. These accounts are also subject to review by Packerland's Compliance Department, as part of the Compliance Department's routine inspection of the Packerland IAR's branch office, targeted examination of the Packerland IAR or a specific investment, routine or special surveillance program or random inspection of the Packerland IAR and/or the Packerland IAR's accounts.

**REPORTS:** Client accounts will receive reports as contracted for at the inception of the advisory relationship and in accordance with the terms set forth in the client's Investment Policy Statement.

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

Packerland, as a matter of policy and practice, does not provide any cash compensation to any persons, *i.e.*, individuals or entities, for the referral of advisory clients to the Firm, unless the requirements of SEC Rule 206(4)-3 are met. Notwithstanding the above, Packerland may have expenses associated with marketing potential clients, such as hosting seminars where food is served and costs associated with procuring the venue. In those cases, there are no direct payments to others for referring a client.

## **Item 15. Custody**

Packerland previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that, by signing the investment advisory agreement, the client has directed the custodian to pay the advisory fee as instructed by Packerland or any other third-party manager on a scheduled basis without any additional prior notice to the client. All account assets, transactions, and advisory fees will be shown on the monthly or quarterly statements provided by the custodian. 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.

Because the custodian calculates 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.

When performing retirement plan services, custody of all retirement plan assets will be maintained with a third-party custodian selected by the Sponsor, and the retirement plan recordkeeping will be provided by a third-party recordkeeper selected by the Sponsor. We will not serve as a custodian of a retirement plan for which we provide advisory or investment management services.

Packerland does not have actual custody of client accounts. To the extent that Packerland acts as Trustee for certain accounts, Packerland may have "inadvertent custody" of those accounts. In those cases, an independent audit will be done.

## **Item 16. Investment Discretion**

*Full Discretion:* Clients may hire Packerland to provide discretionary asset management services, in which case Packerland's IARs will place trades in a client's account without contacting the client prior to each trade to obtain the client's permission. Packerland's discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell.



Clients give Packerland discretionary authority when they sign an investment advisory agreement and select the discretionary option. Clients may limit this authority by giving Packerland written instructions. Clients may also change or amend such limitations by once again providing Packerland with written instructions.

*Limited Discretion:* In some Packerland programs, Packerland will allow its clients to provide it and its IARs limited discretion to review the clients' portfolios and re-balance it on a pre-determined periodic basis, as determined by the clients and the IARs. In this case, the clients are granting Packerland and its IARs to determine whether the clients should increase the securities in the clients' portfolio by purchasing more of that asset or decrease the securities in the clients' portfolio by selling some of the component securities. This limited authority can be provided on a manual basis (the IARs are given the limited discretion) or on a program basis (wherein the Platform Manager can use an automated program to provide for the systematic rebalancing of the account). Regardless of whether it is done on a manual basis or on a program basis, this limited authority does not allow Packerland or its IARs to purchase securities that are not currently in their clients' portfolio. Clients should consult with their IARs to determine whether their Packerland program will allow for these types of limited discretion and whether the automated program is available in the clients' advisory program.

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

As a matter of Firm policy, Packerland does not vote proxies on behalf of clients. Therefore, although the Firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type of events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets and to forward copies of all proxies and shareholder communications relating to the client's investment assets to the client. We do not offer any consulting assistance regarding proxy issues to clients.

Some Co-Advisory Programs and Advisory Programs using Hilltop and Envestnet as the Platform with discretionary authority specifically provides the third-party money manager's platform manager or its applicable sub-manager with authority to exercise its discretion in voting or otherwise acting on all matters for which a security holder votes, consents, elects or similar action solicited by, or with respect to, issuers of securities beneficially held as part of the program assets of the third-party money manager, unless otherwise agreed with Client. The Client also has the right to revoke such authority at any time. Clients should review the Form ADV provided by their specific third-party money manager to determine the third-party money manager's ability to vote proxies on their behalf.

**Item 18. Financial Information**

Packerland will not collect fees in excess of \$1200 more than six months in advance of services rendered. As a federally registered investment advisory firm that maintains discretionary authority for some client accounts, Packerland is required to disclose any financial condition that is reasonable likely to impair its ability to meet its contractual obligations. Packerland has no such financial circumstances to report. Packerland has not been the subject of a bankruptcy petition at any time during the past ten years.