



# HOMRICH BERG<sup>®</sup>

WEALTH MANAGEMENT

Homrich Berg

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03/25/2022

This Brochure (also known as Form ADV Part 2A) provides information about the qualifications and business practices of HB Wealth Management, LLC (“Homrich Berg” or “HB”). If you have any questions about the contents of this Brochure, please contact us at 404-264-1400. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Homrich Berg is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Homrich Berg also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules.

This Brochure is an updated version of the Brochure delivered to HB Wealth Management clients last year. HB Wealth Management LLC succeeded the business of Homrich & Berg Inc on 9/30/2021. A description of the succession is included in Item 4.

Currently, a full copy of our Brochure may be requested by contacting April Jones, at 404-264-1400 or [jones@homrichberg.com](mailto:jones@homrichberg.com).

Additional information about Homrich Berg is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any Homrich Berg employees who are registered as investment adviser representatives of Homrich Berg.

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#### Item 4 – Advisory Business

HB Wealth Management, LLC (“Homrich Berg” or “HB”) succeeded the business of Homrich & Berg Inc., which was founded in 1989. Homrich & Berg Inc. sold a minority stake in firm ownership to NMSEF I Holdings V, L.P., and affiliate of New Mountain Capital (together “NMC”) a growth-oriented investment firm. In connection with the NMC investment, HB completed an internal restructuring, pursuant to which it created a new wholly owned subsidiary, HB Wealth Management, LLC, into which NMC made its investment, and Homrich & Berg, Inc. contributed substantially all its assets to this new subsidiary entity (the “Restructuring,” and together with the NMC Investment, the “Transaction”). Following the Restructuring, HB Wealth Management, LLC became the operating entity. The transaction closed on 9/30/2021. HB’s principal owners are Homrich & Berg Inc. and NMSEF I Holdings V, L.P.

Homrich Berg primarily provides wealth management services. We provide these services mainly to individuals and families, but also to trusts, retirement plans, corporate entities, foundations, and family offices. Homrich Berg’s investment management services involve the review of client portfolios with respect to stated investment objectives, other outside assets of the client, and the obligations of the client. Homrich Berg also provides specific investment advice solely on the basis of investment objectives and instructions received from the client. HB offers consolidated quarterly investment capital reports.

Homrich Berg considers the client's specific goals and risk tolerance and our capital markets outlook when directing assets to investments. Clients may impose restrictions on investing in certain securities or types of securities.

Investment purchases are generally made through our primary custodian of client accounts, Charles Schwab & Company, but may also include Fidelity Investments or TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC (“TD Ameritrade”), an unaffiliated SEC-registered broker-dealer and FINRA member, if appropriate. Using the custodian's services, each client opens a custodial/brokerage account and authorizes Homrich Berg to effect transactions on his or her behalf. The custodian’s services offer the client the advantage of, among other things, online access to accounts, a dedicated service team for handling client matters, and a broad range of investment and asset management options. Each of the custodians offer consolidated statements of account.

Homrich Berg provides its clients with a periodic summary of the firm's outlook on the capital markets. In addition, Homrich Berg occasionally sends general industry, individual investments, or economic reports to clients (and at times, other persons) that are believed have a particular interest in the subject of this material.

Homrich Berg consults with its clients on other wealth management matters. Such advice includes, but is not limited to, cash flow planning, planning for retirement income needs, wealth transfer and estate planning, insurance planning, income tax planning, and other non-security services agreed upon by Homrich Berg and the client. These services may be referred to as financial planning or some similar term.

All investment management and financial planning services clients retain Homrich Berg by entering into a written agreement. This agreement may be terminated within five (5) days of the executing date of the agreement or by either party with a written notice thirty (30) days prior to termination as agreed upon. Fees will be prorated to the date of the termination as specified in the notice and any unearned portion of prepaid fees will be refunded to the client.

### Private Investment Funds

HB provides investment advice regarding private investment funds, both affiliated and unaffiliated. HB may recommend that qualified clients consider an investment in private investment funds. If a client determines to become a private fund investor, the amount of assets invested in the fund(s) shall be included as part of “assets under management” for purposes of HB calculating its investment advisory fee. HB’s clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

### HB Funds (Affiliated Funds)

HB forms and manages its own private investment funds (“HB Funds”). HB uses a third-party administrator for administration and reporting. Within the HB Funds, HB may invest in underlying private investments including but not limited to issuers such as direct real estate investments in addition to other private funds including pooled investments such as private equity, debt, real estate, and natural resources. HB Fund valuations are prepared by the fund administrator and are reported to investors by HB on a quarterly basis. These valuations are based upon the most recent valuation reports received from underlying fund managers or investment sponsors. The valuations are generally lagged by one quarter such that a quarterly report dated June 30<sup>th</sup> will contain the valuation from March 31<sup>st</sup>. This may result in a higher or lower fee based on the current value of the fund.

### Unaffiliated Private Investments

HB invests in other unaffiliated private investments such as direct real estate investments and pooled investments such as private equity, debt, real estate, and natural resources funds. Valuations are reported quarterly and are based upon the most recent valuation reports received from underlying fund managers or investment sponsors. Quarterly HB Advisory fees will be calculated using the most recent valuation reports provided by the

investment manager or sponsor. The valuations are generally lagged by one quarter such that a quarterly report dated June 30<sup>th</sup> will contain the valuation from March 31<sup>st</sup>. This may result in a higher or lower fee based on the current value of the fund.

### Hedge Funds

HB invests in pooled hedge fund entities. The values and returns for pooled hedge fund entities are computed monthly. Final monthly valuations are usually available around the 20<sup>th</sup> business day of the month. To give a more accurate picture of the values of pooled hedge fund entities, HB may use estimates from the hedge fund managers as soon as they are available and update the hedge fund values in client accounts. Generally, hedge fund managers provide these estimates beginning on the 5<sup>th</sup> business day of the month for the prior month ending value. HB uses its best efforts to update hedge fund valuations based upon estimates provided by the managers. When the managers deliver the final valuation the last week of the month, HB will update the value if there is a change from the estimate. Quarterly HB Advisory fees will be calculated using the most current hedge fund valuations. In some cases this is an estimate and in other cases it may be the actual value from the prior month. This may result in a higher or lower fee based on the current value of the fund.

### Portfolio Accounting and Reporting

HB uses a third-party provider, Black Diamond Performance Reporting, for portfolio accounting and client performance reporting. Clients have online access to view portfolio holdings, performance, and other portfolio attributes. Market values in Black Diamond are updated daily and include accrued interest and accrued dividends. Client accounts are reconciled daily by Black Diamond. Valuations of private investments, including such investments as direct real estate, hedge funds, private equity, private debt, and other private funds are updated by HB as valuations are provided to us by the fund managers or investment sponsors.

### Legal Proceedings

HB has engaged a third-party service provider, Chicago Clearing Corporation (“CCC”), to monitor and file securities claims class action litigation paperwork with Claims Administrators on behalf of HB Clients. HB may share client information such as name, tax ID, and account number with CCC as necessary to provide this service. HB does not receive any fees or remuneration in connection with this service nor does it receive any fees from the third-party provider(s). CCC will earn a fee of 15% of all claims they collect on behalf of HB Clients. This fee is retained by CCC out of the claims paid by the Claim Administrator. **Clients may opt out of this service at any time.** If a Client opts out, HB has no obligation to advise or to take any action on behalf of a client in any legal proceedings, including bankruptcies or class actions, involving investments held in or formerly held in a client's

account. HB will forward to the client or to the client's custodian any notices received relating to pending class actions involving a client's account.

### Business Continuity

HB has developed a contingency and disaster recovery plan (“CDRP”) which will be followed in the event of a business disruption. The objectives of the plan are to minimize the impact upon the safety of the firm's employees, protect against the loss or damage of firm assets, and provide alternative site processing with a minimum of inconvenience to firm clients.

A copy of a summary of the CDRP is available upon request. Please contact the Chief Compliance Officer at 404-264-1400 for a copy.

### Retirement Plan Rollovers - Potential for Conflict of Interest

A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer’s plan, if permitted, (ii) roll over the assets to the new employer’s plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account (“IRA”), or (iv) cash out the account value (which could, depending upon the client’s age, result in adverse tax consequences). If HB recommends that a client roll over their retirement plan assets into an account to be managed by HB, such a recommendation may create a potential conflict of interest if HB will earn new (or increase its current) compensation as a result of the rollover. HB mitigates this potential conflict by analyzing the former employer’s plan comparing to the client’s options taking multiple factors into account and making a recommendation in the best interest of the client. No client is under any obligation to roll over retirement plan assets to an account managed by HB.

### Assets Under Management

HB provides discretionary and non-discretionary asset management. Our RAUM as of 12/31/2021 are as follows:

Discretionary:	\$ 9,543,574,069
Non-Discretionary:	\$ 1,539,346,928
Total:	\$ 11,082,920,997

In addition, Homrich Berg also advises clients on assets and makes investment recommendation to clients on assets where Homrich Berg has no ability to places trade for the clients. In this situation, we refer to those assets as “assets under advisement”.

## **Item 5 – Fees and Compensation**

Homrich Berg’s fee for providing Wealth Management Services (includes but not limited to investment management and financial planning) depends on several factors. The two main factors are (1) the scope, complexity, and frequency of the services to be provided, and (2) the value of the investment capital placed under Homrich Berg’s management. Homrich Berg generally imposes a minimum annual fee of \$12,500 for its services but may negotiate a fee below the annual minimum, or tiered schedule, where circumstances warrant. Homrich Berg may request reimbursement of out-of-pocket expenses it incurs in providing services to its clients.

Homrich Berg’s compensation for Wealth Management Services is calculated and payable in accordance with the agreed upon fee schedule. The fee schedule is applied by Homrich Berg to the market value of assets, which includes accrued interest and dividends, (in some cases excluding margin balances; in other cases the margin balances are not excluded) of the client's accounts as reasonably determined by Homrich Berg at the end of the preceding calendar quarter. Fees are paid in advance at the beginning of each calendar quarter. If a client terminates their advisory agreement during the quarter, HB will refund the prorated amount of the fee that was paid in advance. Homrich Berg deducts fees from client accounts as described in the client agreement. In some cases, the firm will allow a client to pay by check instead of the account fee deduction. Homrich Berg occasionally provides financial services to clients on an hourly rate basis. Our fees are negotiable.

Homrich Berg’s fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment managers and other third parties such as margin interest, trade away fees, management fees, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, other fees and taxes on brokerage accounts and securities transactions, and separate custody fees for maintaining Alternative Investments in taxable or retirement accounts. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund’s prospectus. We advise each client to read the appropriate prospectus for mutual funds & ETF’s in addition to the Operating Agreement and Offering Memorandum of Private Investment Partnerships for a list of expenses. Such charges, fees and commissions are exclusive of and in addition to Homrich Berg’s fee, and Homrich Berg shall not receive any portion of these commissions, fees, and costs. Item 12 further

describes the factors that Homrich Berg considers in selecting or recommending brokers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

HB's current standard fee schedule for Financial Planning and Investment Management Services is listed below. In some cases with financial planning clients, there may be an agreed upon fixed annual minimum fee which would cause the total fees charged as a percentage of investment capital under management to exceed the tiered fee schedule below.

#### FINANCIAL PLANNING AND INVESTMENT MANAGEMENT SERVICES

<b>Market Value of Portfolio</b>	<b>Annual Fee</b>
First \$ 1,000,000	1.25%
Next \$ 4,000,000	1.00%
Next \$ 5,000,000	0.75%
Over \$ 10,000,000	0.50%

HB's current standard fee schedule for Investment Management Services is listed below. In some cases with Investment Management only clients, there may be an agreed upon fixed annual minimum fee which would cause the total fees charged as a percentage of investment capital under management to exceed the tiered fee schedule below.

#### INVESTMENT MANAGEMENT SERVICES

<b>Market Value of Portfolio</b>	<b>Annual Fee</b>
First \$ 1,000,000	1.25%
Next \$ 1,000,000	1.00%
Next \$ 3,000,000	0.75%
Over \$ 5,000,000	0.50%

Payment of fees may be paid directly to HB by the client, or payment of fees may be made by the independent custodian holding the client's investments.

When payment is to be made by the custodian:

- (1) The client provides written authorization permitting the fees to be paid directly from the client's account held by the custodian;
- (2) HB provides the custodian the amount of the fee;
- (3) HB sends to the client an invoice that shows the amount of the fee, the value of the client's assets upon which the fee is based, and the specific manner in which the fee is calculated;
- (4) The custodian discloses to the client that it is the client's responsibility to verify the accuracy of the fee calculation and that the custodian has not determined whether the calculation is properly made; and
- (5) The custodian sends to the client an account statement that shows all amounts disbursed from the client's account.

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

Performance fees include fees based upon the investment performance of an account or overall portfolio. Homrich Berg does not charge any such performance-based fees. Such performance fees may come with an inherent conflict of interest for a manager to take on additional risk in order to attempt to achieve a higher return thereby increasing the management fee. HB does not wish to be in this position so we have removed that potential conflict from our relationship with our clients.

#### **Item 7 – Types of Clients**

Homrich Berg provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments, private investment funds, trusts, and a registered investment company.

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

Investing in securities involves risk of loss that clients should be prepared to bear. Homrich Berg provides advice on securities such as mutual funds, exchange traded funds (ETF's), exchange traded notes (ETN's), bonds, stocks, hedge funds, private equity funds, real estate funds, natural resources funds, and structured notes. Our methods of analysis, investment strategies, and certain risks are described below.

### **Third-party equity and fixed income mutual funds, ETFs/ETNs, hedge funds, private partnerships - *Methods of Analysis***

Quantitative Analysis – When evaluating third-party managers, we use a variety of investment factors that include, but are not limited to, performance statistics, risk statistics, volatility, concentration (sector, position, and geographic), market-cap weightings, and liquidity of underlying securities. For passive (index) investments, we evaluate the index methodology.

#### **Qualitative Analysis**

Team – We evaluate the strength of the investment team which includes, but is not limited to, determining key decision makers, relevant experience, compensation structure, alignment of interests, employee turnover, and ownership structure.

Process – We determine whether we believe the investment process is repeatable and if it has remained consistent in various market environments. We evaluate how idea sourcing occurs, how security selection is made, and how the portfolio construction is determined.

#### ***Additional Methods of Analysis and Risks for Individual Stocks***

Quantitative Analysis – When evaluating individual equities, we look at a wide variety of investment factors that include, but not limited to, market-cap weightings, profitability, and a track record of consistent growth in earnings, cash flow, and dividend payments to investors and are positioned to continue growing all three metrics into the foreseeable future.

#### ***Additional Methods of Analysis and Risks for Individual Bonds***

Individual Security risks – Analysis of individual bonds includes, but is not limited to, evaluation of the underlying ratings of the securities, analysis of spreads versus similarly rated bonds, and analyzing the overall shape of the yield curve. We evaluate the bond structure (e.g. general obligation bonds vs. revenue bonds). We seek bonds that offer proper diversification to the client's portfolio in terms of sector, geography, and maturity.

#### ***Additional Methods of Analysis and Risks for ETFs***

Liquidity analysis – Illiquidity of ETFs is a risk that must be evaluated. We analyze trading volume and determine if we should place trades outside of market orders to protect our clients from wide bid/ask spreads which may result in unfavorable pricing.

### ***Additional Methods of Analysis and Risks for ETNs***

Counterparty risk – ETNs are exchange traded notes that are senior, unsecured debt securities issued by an underwriting bank and are therefore backed only by the credit of the issuer. As part of our analysis, we review the credit-worthiness of the underlying issuer.

### ***Additional Methods of Analysis and Risks for hedge funds***

Operational due diligence checks – Because hedge funds do not provide full transparency or daily liquidity, we perform an extra layer of analysis. These include, but are not limited to, assessment of valuation policies, cash management controls, portfolio risk management, reliability of systems, and checks on their service providers. In addition, we review all legal documents.

### ***Additional Methods of Analysis and Risks for private partnerships***

Deal flow/sourcing – Because private partnerships are often blind pools (investors know the strategy but not the specific investments), we attempt to determine if the management team will be able to generate sufficient deal flow and has the appropriate contacts to source attractive opportunities.

Valuation methods – Because private partnerships are illiquid and often have long durations, we must determine that we are comfortable with the valuation policies in place and they are an accurate depiction of the value of the underlying investments.

Fund terms – Terms for private investments are more complicated than mutual funds and ETFs. We must become comfortable with the partnership's terms and determine that they are not onerous for underlying investors.

### ***Additional Methods of Analysis and Risks for Structured Notes***

Structured note risks and terms depend on a variety of factors including interest rates, volatility, and the credit quality of issuers. HB takes all of these items into consideration when evaluating potential structured note investments for clients. HB will quote multiple issuers when trading structured notes in an effort to get best pricing, taking all risks into account.

Risks vary depending on the specific term of each note, but factors including interest rates, credit spreads, volatility, and movements on the underlying assets referenced by the note can affect the value of a note. All payments at maturity are subject to the credit risk of the note issuer.

## **Additional Methods of Analysis and Risks for Options**

The main areas of analysis when buying or selling options are the implied volatility of the option and the delta of the option. These two metrics govern the risk and return potential for the security. Leverage is also a significant consideration when investing in options. The risk of purchasing options are well defined. The maximum loss is equal to the premium paid for the option. There are two main risks to an options-writing strategy. The first is that the value of the option moves against the investor and the investor chooses to close out their position prior to expiry at a mark to market loss. The second is that the underlier moves to a level significantly above (call) / below (put) the strike price, and the investor is then forced to purchase the asset at an off-market price at or before expiry.

## **Item 9 – Disciplinary Information**

Registered Investment Advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Homrich Berg or the integrity of Homrich Berg's management. Homrich Berg has no information applicable to this Item.

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

**Peachtree Alternative Strategies Fund ("PAS").** At the end of 2016, HB converted the H&B Hedge Fund, LLC (a private fund) into a Registered Investment Company, the PAS and serves as the Fund Adviser. HB's CIO, Stephanie Lang, serves on the PAS Board of Directors, and HB Director, Ford Donohue, serves as the PAS President. Neither Mrs. Lang nor Mr. Donohue earns any additional compensation for their services to the PAS. HB advises its suitable clients to invest in the PAS.

**NMSEF I Holdings V, L.P., an affiliate of New Mountain Capital,** is a principal owner of HB. As such the affiliation HB has with New Mountain Capital and its affiliates is material to the business of HB. However, we do not believe this presents any material conflicts to HB clients.

HB has formed several private investment funds listed below in which clients are solicited to invest. The Manager of each investment fund is a related company which is under common ownership and control of HB. The Principals of HB, including some select employees may also invest in the same private investment funds as HB clients.

**H&B Partners, LLC ("Partners").** Partners is an affiliated company under common ownerships and control with HB. Partners, a Georgia limited liability company, was formed in 1998 and is owned by HB Principals Andrew Berg, Frank Butterfield, and Adam Fuller.

Partners serves as managing member for the following five investment vehicles in which clients were solicited to invest. The investment vehicles were organized by the investment committee of HB. Partners does not receive fees for its management services from the investment vehicles. Partners is reimbursed the cost of various incidental operating expenses (licenses, mail service, etc.) paid for the benefit of the investment vehicles.

1) H&B Natural Resources I, LLC, a Georgia limited liability company formed in 2005 as a vehicle for HB clients to invest in unaffiliated diversified natural resources and funds invested in natural resource investments. The fund is currently closed to new investors;

2) Income Opportunity Fund, LP, a Delaware limited partnership formed in 2011 as a vehicle for HB clients to invest in public and/or private debt, equity, fixed income, real estate, natural resources, and distressed asset investment funds. The fund is closed to new investors.

3) Income Opportunity Fund II, LP, Delaware limited partnership formed in 2013 as a vehicle for HB clients to invest in public and/or private debt, equity, fixed income, real estate, natural resources, and distressed asset investment funds. The fund is closed to new investors.

**2008 Opportunity Partners, LLC (“Opportunity Partners”)**, is an affiliated company under common ownerships and control with HB. Opportunity Partners, a Delaware limited liability company formed in 2008, is owned by HB Principals Andrew Berg, Frank Butterfield, Adam Fuller, and Andrew Klepchick. Opportunity Partners serves as General Partner to the 2008 Opportunity Fund, L.P. listed below. Opportunity Partners, LLC does not receive fees for its management services from fund listed below. Opportunity Partners is reimbursed the cost of various incidental operating expenses (licenses, mail service, etc.) paid for the benefit of the 2008 Opportunity Fund, L.P.

1) 2008 Opportunity Fund, L.P., a Delaware limited partnership formed in 2008 as a vehicle for HB clients to invest in private markets (including private equity, real estate, natural resources, and distressed debt). The fund is closed to new investors.

**Homrich Berg Partners, LLC**, is an affiliated company under common ownership and control with HB. Homrich Berg Partners, a Georgia limited liability company formed in 2015, is owned by HB Principals Andrew Berg, Frank Butterfield, Adam Fuller, Ross Bramwell, and Stephanie Lang. Homrich Berg Partners serves as General Partner to the five funds listed below. Homrich Berg Partners does not receive fees for its management services from fund listed below. Homrich Berg Partners is reimbursed the cost of various incidental operating expenses (licenses, mail service, etc.) paid for the benefit of the funds listed below.

- 1) 2015 Opportunity Fund, L.P., a Delaware limited partnership formed in 2015 as a vehicle for HB clients to invest in private markets (including but not limited to private equity, private real estate, private natural resources, and private debt). The fund is closed to new investors.
- 2) 2017 Opportunity Fund, L.P., a Delaware limited partnership formed in 2017 as a vehicle for HB clients to invest in private markets (including but not limited to private equity, private real estate, private natural resources, and private debt). The fund is closed to new investors.
- 3) 2017 Real Estate Opportunity Fund, L.P., a Delaware limited partnership formed in 2017 as a vehicle for HB clients to invest private direct equity or debt real estate investments that are not available through traditional outlets (including but not limited to office, multifamily, hospitality, senior housing, self-storage and retail). The fund is closed to new investors.
- 4) Peachtree Credit Opportunities Fund, LP, a Delaware limited partnership formed in 2018 as a vehicle for HB clients to invest in a diversified portfolio of private fund and/or managed account investments, with a focus on income-producing opportunities. The fund is closed to new investors.
- 5) Peachtree Real Estate Fund II, LP, a Delaware limited partnership formed in 2019 as a vehicle for HB clients to invest in which will seek to provide opportunities to partner with real estate operators to provide attractive returns through both current income and long-term capital appreciation through real estate investments in all property types. The fund is closed to new investors.
- 6) Peachtree Real Estate Fund II-A, LP, a Delaware limited partnership formed in 2019 as a vehicle for HB clients to invest in which will seek to provide opportunities to partner with real estate operators to provide attractive returns through both current income and long-term capital appreciation through real estate investments in all property types. The fund is closed to new investors.
- 7) Peachtree Opportunities Fund IV, LP, a Delaware limited partnership formed in 2020 as a vehicle for HB clients to invest in private markets (including but not limited to private equity, private real estate, private natural resources, and private debt). The fund is closed to new investors.
- 8) Peachtree Opportunistic Warehouse Fund, L.P, a Delaware limited partnership formed in 2020 as a vehicle for HB clients that will provide investors access to a current pipeline and to potential future build-to-suit industrial and warehouse developments. The fund is closed to new investors.

9) Peachtree Opportunistic Warehouse Fund-A, L.P, a Delaware limited partnership formed in 2020 as a vehicle for HB clients that will provide investors access to a current pipeline and to potential future build-to-suit industrial and warehouse developments. The fund is closed to new investors.

10) Peachtree Opportunities Fund V, LP, a Delaware limited partnership formed in 2021 as a vehicle for HB clients to invest in private markets (including but not limited to private equity, private real estate, private natural resources, and private debt). The fund is closed to new investors.

11) Peachtree Real Estate Fund III, LP, a Delaware limited partnership formed in 2021 as a vehicle for HB clients to invest in which will seek to provide opportunities to partner with real estate operators to provide attractive returns through both current income and long-term capital appreciation through real estate investments in all property types. The fund is open to new investors.

12) Peachtree Real Estate Fund III-A, LP, a Delaware limited partnership formed in 2021 as a vehicle for HB clients to invest in which will seek to provide opportunities to partner with real estate operators to provide attractive returns through both current income and long-term capital appreciation through real estate investments in all property types. The fund is open to new investors.

#### **Clients of HB who are also Investment Managers or Sponsors**

Homrich Berg has long standing relationships with investment managers and other private investment sponsors on which we advise our clients to invest. In some instances, such investment managers or sponsors have also become Wealth Management clients of Homrich Berg. Currently, multiple executives of recommended investment sponsors including but not limited to private real estate investments, REITS, fixed income securities, and Film/Gaming Industry companies who offer tax credits. A potential conflict of interest may exist when we advise our clients to invest in private investments that are managed or sponsored by other Homrich Berg clients. We conduct extensive due diligence in both private and public investment opportunities and we only recommend such investment opportunities when we believe it is in the best interest of our clients. To mitigate this conflict, HB discloses this fact prior to recommending the private investment or tax credit to a client.

#### **Item 11 – Code of Ethics**

Homrich Berg has adopted a Code of Ethics for all principals and employees of the firm that describes its high standard of business conduct and fiduciary duty owed to its clients. The

Code of Ethics includes provisions relating personal securities trading procedures. All employees of Homrich Berg must acknowledge the terms of the Code of Ethics annually, or as amended.

Homrich Berg anticipates that, when consistent with clients' investment objectives, it may recommend that investment advisory clients or prospective clients purchase or sell securities in which Homrich Berg, its affiliates, and/or clients have a position of interest. This occurs in some cases with recommended exchange traded funds or mutual funds where employees may invest in the same funds that the firm recommends to clients. In addition to this, principals/employees of the firm may invest in the same Private Investment Partnerships as they recommend to clients. Homrich Berg's principals and employees are required to follow Homrich Berg's Code of Ethics, which includes pre-clearance requirements on short sales, investments in IPO's or other privately traded securities. Subject to satisfying this policy employees of Homrich Berg may trade for their own accounts in securities which are recommended to and/or purchased for Homrich Berg's clients. If a conflict of interest is present when investing in the same securities as a client, the principal or employee must disclose that conflict to the client prior to making the investment. The Code of Ethics is designed to assure that the personal securities transactions, as well as activities and interests of the HB employees, will not interfere with (i) making decisions in the best interest of clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Employee trading is continually monitored under the Code of Ethics, which is designed to reasonably prevent conflicts of interest between HB and its clients. HB has engaged a third-party software provider which allows HB to electronically monitor employee trading activity.

Employee accounts may trade in the same securities with client accounts on an aggregated basis when consistent with HB's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. HB will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. The same process will apply to privately traded securities and for those private securities with limited supply, the investment will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

Homrich Berg's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Christopher Casdia at 404-264-1400 or [casdia@homrichberg.com](mailto:casdia@homrichberg.com).

## Item 12 – Brokerage Practices

HB has discretion over those accounts under its management as specified in the contractual agreement it enters into with the client. HB buys or sells specific securities in amounts that are a function of HB's understanding of the client's objectives, tolerance for risk, and financial resources in addition to any client imposed trading restrictions. These factors act as limitations on HB's authority and investment discretion.

Unless in the case of selected individual fixed income securities (corporate bond, municipal bond, government bond, etc.), HB directs securities transactions to the custodian which maintains the client account. The custodian is also the broker-dealer used for execution of the transaction. HB does not have the ability to negotiate commissions on a trade by trade basis under normal circumstances. However, at the onset of a relationship with a custodian and periodically thereafter, HB may negotiate standard commission rates for all its client accounts. HB attempts to negotiate the most favorable rates for its clients on a global scale. However, the rates negotiated by HB may not be the lowest available rates found in the market. When selecting a custodian for client accounts, HB considers the overall value of services provided by the custodian to clients of HB. Generally, HB's clients do not pay higher commissions for those services. In most cases HB suggests the use of the custodial and brokerage services of Charles Schwab & Co., Inc., Fidelity Investments, or TD Ameritrade who are all independent and non-affiliated broker-dealers.

When selecting a custodian or broker-dealer, HB considers several factors including:

- (a) The firm's service and commitment to the business;
- (b) Overall costs, including but not limited to: wire transfers, check requests, overnight delivery, etc.
- (c) Execution, clearance and settlement capabilities;
- (d) Whether the firm offers insurance in excess of the insurance afforded by the Securities Investor Protection Corporation;
- (e) Investment product availability and online tools;
- (f) The broker-dealer's financial stability; and
- (g) The firm's willingness to negotiate commission and margin interest rates.

Accordingly, transactions will not always be executed by the custodian/broker-dealer at the lowest available commission.

In the case of individual fixed income securities where markets may be less liquid, HB may search the inventories of multiple broker-dealers and custodians in the effort to obtain better pricing. In such cases, HB will attempt to get competitive pricing from multiple sources and execute the transaction at what it believes are the best terms for the client. When selecting fixed income dealers HB considers several factors including execution speed, access to fixed income inventory, reliability, and pricing. When HB purchases fixed income securities for a client through a firm which is not the custodian of the brokerage account, the client will incur an additional “trade away” fee. This is imposed by the custodian of the account.

### Schwab Advisor Services

For most clients, HB recommends that client opens and maintains brokerage accounts with Charles Schwab & Co., Inc., a registered broker-dealer in order to maintain custody of assets and to execute trades.

### *Products and Services Available to HB from Schwab*

Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab’s business serving independent investment advisory firms like HB. Schwab provides HB and its clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help HB manage or administer clients’ accounts, while others help HB manage and grow its business. Schwab’s support services generally are available on an unsolicited basis (HB does not have to request them) and at no charge as long as HB’s clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If HB’s clients collectively have less than \$10 million in assets at Schwab, Schwab may charge HB quarterly service fees of \$1,200. The following is a more detailed description of Schwab’s support services:

### *Services that Benefit Clients*

Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which HB might not otherwise have access or that would require a significantly higher minimum initial investment by HB’s clients.

### *Services that May Not Directly Benefit Clients*

Schwab also makes available other products and services that benefit HB but may not directly benefit clients. These products and services assist HB in managing and administering HB’s clients’ accounts. They include investment research, both Schwab’s own and that of third parties. HB may use this research to service all or a substantial number of its clients’

accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of HB's fees from HB's clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

#### *Services that Generally Benefit Only Homrich Berg*

Schwab also offers other services intended to help HB manage and further develop its business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, Schwab will arrange for third-party vendors to provide the services to HB. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees, including a speaker fee for HB client events. Schwab may also provide HB with other benefits, such as occasional business entertainment for HB's personnel.

#### *Homrich Berg's Interest in Schwab's Services*

The availability of these services from Schwab benefits HB because we do not have to produce or purchase them. HB does not have to pay for Schwab's services so long as HB's clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon HB committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give HB an incentive to recommend that clients maintain accounts with Schwab, based on HB's interest in receiving Schwab's services that benefit HB's business rather than based on clients' interests in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. HB believes, however, that its recommendation of Schwab as custodian and broker is in the best interests of clients. HB's selection is primarily supported by the scope, quality, and price of Schwab's services. HB does not believe that recommending clients to collectively maintain at least \$10 million of those

assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### *Soft Dollars*

In addition to the above services, HB receives research and other soft dollar benefits from both Charles Schwab & Co. and Fidelity Investments in connection with client transactions. These benefits include third party research, subscriptions, and tools which assist HB with research and portfolio analytics and are at no cost to us. By receiving these benefits without cost to us, there is an inherent conflict of interest in HB advising clients to open and maintain their investment account(s) with Schwab or Fidelity as we may have an incentive to do so over other similar custodians. Despite the benefits to us, we do not believe they are so material to our business that they would influence our decision to recommend Schwab or Fidelity as a custodian to our clients for the fact that similar soft dollar relationships are available with other qualified custodians. We use such research and soft dollar benefits to help us service all client accounts, not just those that generated the benefits. We do not seek to allocate research and soft dollar benefits to client accounts in proportion to how those accounts generate soft dollars. While soft dollar and other research benefits are available to us, these benefits are not a factor in executing transactions. Rather, our trader(s) seek the best available price irrespective of any soft dollar benefit when buying or selling Fixed Income securities. And in the event of transactions in equities, ETF's mutual funds, or options, we direct the transactions to the custodian of the client account.

In some cases research products or services provided fall into a category known as "mixed use". Mixed use refers to a situation when part of the products or services received is used for research while another part is used for non-research activities. HB reviews products & services received to determine if any are mixed use. HB will make the determination as to the portion of the product to designate as research and will only receive economic benefit for that portion. HB will pay for the portion designated as non-research.

HB participates in institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent, and unaffiliated, SEC-registered broker-dealer. TD Ameritrade offers to independent investment advisors services, which include custody of securities, trade execution, clearance, and settlement of transactions. HB receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

## **Trade Allocations**

Trades in publicly traded securities are generally executed at the account level. In some infrequent circumstances, a block trade may be executed and portions of the block allocated to various customer accounts. The block transactions are allocated in a fair and equitable manner taking into consideration such factors including, but not limited to, client's cash availability, suitability for participation, and other pending orders. If a block order is only partially filled, an attempt will be made to allocate on a pro rata basis. When this is not practical, allocation will be made such that, over time, no client will be advantaged or disadvantaged in relation to other client accounts. Whether done as a block, or an individual order at the account level, the custodian charges the same commission rate per transaction. The same process will be applied in situations where there are limited investment opportunities of certain privately offered securities. Whether publicly traded securities or privately offered securities, HB employees may participate side by side with clients.

## **Trading Errors**

Any trading error that may occur in a client's account will be reported immediately upon discovery to a principal, and any such error will be resolved promptly. Our selected custodians have differing processes regarding resolution of a trade error. However, in no case will a client account suffer a loss resulting from a trading error caused by HB and in each such case, the client will be "made whole".

## **Item 13 – Review of Accounts**

Reviews of client accounts are ordinarily performed on at least a quarterly basis while financial plans are generally reviewed at least annually. A significant change in economic conditions, in the client's financial and investment objectives, or in the client's risk tolerance may also trigger a review of said client's portfolio or financial plan. A client request may also trigger a review. The level of the review is dependent upon the triggering factor and can be brief or in-depth. A brief review may involve the verification of holdings, allocations, or minor changes in objectives. An in-depth review includes an evaluation of investor holdings against model allocations and financial objectives.

HB has multiple principals and multiple client service teams. Each client is assigned to a client service team. Client service teams are typically comprised of a principal or director, associate(s), and a client service operations specialist. Client accounts are reviewed by principals or directors with input and support from associates. The members of the client service team work together in performing various functions on each account depending on the complexity of the work and the particular client situation.

Although clients have online access to their portfolios which are updated daily, HB will provide reports quarterly to clients on the performance of their accounts. These written reports typically include a listing of accounts with holdings and values, an investment allocation chart, and investment performance. Performance for the total portfolio and by each asset class is compared against relevant indices. In addition to quarterly portfolio correspondence and client mailings, clients may consult with HB when they have a change in circumstances.

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

Homrich Berg has entered into third party consultant and referral fee agreements. Such agreements allow Homrich Berg to compensate other professionals and consultants for client referrals through the sharing of applicable investment advisory fees or a finder's fee when appropriate. Homrich Berg may also compensate HB employees for referring advisory clients to HB through the sharing of a portion of applicable investment advisory fees. Advisory fees for referred clients are not greater than fees charged to other Homrich Berg clients and all fees are fully disclosed to the client.

HB receives client referrals from Charles Schwab & Co., Inc. (“Schwab”) through HB’s participation in Schwab Advisor Network<sup>®</sup> (“the Service”). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with HB. Schwab does not supervise HB and has no responsibility for HB’s management of clients’ portfolios or HB’s other advice or services. HB pays Schwab fees to receive client referrals through the Service. HB’s participation in the Service may raise potential conflicts of interest described below.

HB pays Schwab a Participation Fee on all referred clients’ accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by HB is a percentage of the value of the assets in the client’s account, subject to a minimum Participation Fee. HB pays Schwab the Participation Fee for so long as the referred client’s account remains in custody at Schwab. The Participation Fee is billed to HB quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by HB and not by the client. HB has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs HB charges clients with similar portfolios who were not referred by the Service. The fee is paid quarterly and is based on a tiered breakpoint for each household. The quarterly fee payable to Schwab is 6.25 basis points on the first \$2 Million, 5 basis points on the next \$3 Million, 3.75 basis points on the next \$5 Million, and 2.5 basis points on all amounts over \$10 Million.

HB generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client’s account is not maintained by or assets in the account are transferred from Schwab. This

Fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees HB generally would pay in a single year. Thus, HB will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of HB's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, HB will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit HB's fees directly from the accounts.

For accounts of HB's clients maintained in custody at Schwab, Schwab will not charge the client separately for custody but will receive compensation from HB's clients in the form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, HB may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. HB nevertheless acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for HB's other clients. Thus, trades for accounts in custody at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

***Participation in Fidelity Wealth Advisor Solutions®.*** HB participates in the Fidelity Wealth Advisor Solutions® Program (the "WAS Program"), through which HB receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. HB is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control HB, and FPWA has no responsibility or oversight for HB's provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for HB, and HB pays referral fees to FPWA for each referral received based on HB's assets under management attributable to each client referred by FPWA or members of each client's household. The WAS Program is designed to help investors find an independent investment advisor, and any referral from FPWA to HB does not constitute a recommendation or endorsement by FPWA of HB's particular investment management services or strategies. More specifically, HB pays the

following amounts to FPWA for referrals: for referrals made prior to April 1, 2017, an annual percentage of 0.20% of any and all assets in client accounts; for referrals made after April 1, 2017, the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as “fixed income” assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. For referrals made prior to April 1, 2017, these fees are payable for a maximum of seven years. Fees with respect to referrals made after that date are not subject to the seven year limitation. In addition, HB has agreed to pay FPWA a minimum annual fee amount in connection with its participation in the WAS Program. These referral fees are paid by HB and not the client. Clients referred by FPWA are not charged any additional fees as a result of the WAS Program and are subject to the same fee schedule as all other HB clients. For referrals made through the WAS Program after April 1, 2017, the fee schedule HB pays to FPWA creates a potential conflict of interest for HB since HB’s costs are lower for “fixed income” assets than equity and all other assets. This could create an incentive for HB to allocate a higher percentage to fixed income assets than normal to client accounts that were referred to HB through the WAS Program after April 1, 2017. HB mitigates this potential conflict through 1) disclosure to clients about the differential costs, and 2) a thorough process where portfolios are monitored and rebalanced to an investment allocation agreed to in advance by the client.

To receive referrals from the WAS Program, HB must meet certain minimum participation criteria, but Advisor may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC (“FBS”). As a result of its participation in the WAS Program, HB may have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and Advisor may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to HB as part of the WAS Program. Under an agreement with FPWA, HB has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, HB has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when HB’s fiduciary duties would so require, and Advisor has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA’s affiliates to another custodian; therefore, HB may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit HB’s duty to select brokers on the basis of best execution.

**Participation in the TD Ameritrade AdvisorDirect Program.** As disclosed under Item 12 above, HB participates in TD Ameritrade’s Institutional customer program and HB may

require clients to maintain accounts with TD Ameritrade/recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between HB's participation in the program and the investment advice it gives to its Clients, although HB receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving HB participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to HB by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by HB's related persons [and may also pay or reimburse expenses (including travel, lodging, meals, and entertainment) for HB's personnel to attend conferences. Some of the products and services made available by TD Ameritrade through the program may benefit HB but may not benefit its Client accounts. These products or services may assist HB in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help HB manage and further develop its business enterprise. These benefits received by HB or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, the firm endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by HB or its related persons in and of itself creates a potential conflict of interest and may indirectly influence HB's choice/recommendation of TD Ameritrade for custody and brokerage services.

HB may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, HB may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with HB and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise HB and has no responsibility for HB's management of client

portfolios or HB's other advice or services. HB pays TD Ameritrade an on-going fee for each successful client referral. For referrals that occurred through AdvisorDirect before April 10, 2017, this fee is a percentage (not to exceed 25%) of the advisory fee that the client pays to HB ("Solicitation Fee"). For referrals that occurred through AdvisorDirect on or after June 9, 2017 the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 25% of 1%, unless such client assets are subject to a Special Services Addendum. In the case of a Special Services Addendum, the Solicitation Fee is an annualized fee based on the amount of referred client assets that does not exceed 10% of 1%. HB will also pay TD Ameritrade the Solicitation Fee on any assets received by HB from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired HB on the recommendation of such referred client. HB will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

HB's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, HB may have an incentive to recommend to clients that the assets under management by HB be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, HB has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. HB's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

HB considers a number of factors in selecting brokers and custodians at which to locate (or recommend location of) its client accounts, including, but not limited to, execution capability, experience and financial stability, reputation, and the quality of services provided. In selecting TD Ameritrade Institutional ("TD Ameritrade") as the broker and custodian for certain of its current and future client accounts, HB takes into consideration its arrangement with TD Ameritrade as to obtaining price discounts for TD Ameritrade's automatic portfolio rebalancing service for advisors known as "iRebal." The standard iRebal annual license fee applicable to HB is \$137,500. That fee is subject to specified reductions (and even complete waiver) if specified amounts of client taxable assets are either already on the TD Ameritrade Institutional platform or are committed to be placed on it. Specified taxable

client assets either maintained on or committed to the TD Ameritrade Institutional platform will bring fee reductions of up to 25% per year for each of as many as three years or more. The non-taxable assets excluded from the maintenance and commitment levels described above are those that constitute “plan assets” of plans subject to Title 1 of the Employee Retirement Income Security Act of 1974, amended, or of plans as defined in Section 4975 of the Internal Revenue Code (which include IRAs). If HB does not maintain the relevant level of taxable assets on the TD Ameritrade Institutional platform, HB may be required to make a penalty fee payment to TD Ameritrade calculated on the basis of the shortfall. Although HB believes that the products and services offered by TD Ameritrade are competitive in the market place for similar services offered by other broker-dealers or custodians, the arrangement with TD Ameritrade as to the iRebal service may affect HB’s independent judgment in selecting or maintaining TD Ameritrade as the broker or custodian for client accounts.

HB has entered into client referral agreements with three unrelated individuals. These three individuals can refer clients to HB under the agreement, and as compensation, receive a portion of the advisory fees collected for as long as the referred client remains a client of HB. Advisory fees for referred clients are not greater than fees charged to other Homrich Berg clients and all fees are fully disclosed to the client.

#### **Item 15 - Custody**

Clients should receive account statements at least quarterly from the broker-dealer, bank or other qualified custodian that holds and maintains client’s investment assets. Homrich Berg urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. HB does not maintain physical custody of client assets. However, in some cases HB may have access to client funds. In these cases, HB has what is termed “implied custody”. The cases where HB has such implied custody are listed below:

Bill Pay - for certain clients HB pays personal bills and other invoices on their behalf. This requires HB to have the ability to write checks on their behalf,

Journal Authority – for certain clients invested in the HB Funds, clients have provided to Charles Schwab or Fidelity Investments, standing instructions which authorizes HB to journal funds from the client brokerage account to an HB Fund in order to make capital calls.

Online access to external accounts – for reporting purposes for certain clients; we have access to external accounts such as bank accounts, or 401(k) accounts,

Trustee relationship – In some cases, clients have requested that a Principal of HB to personally serve as trustee of their trust.

HB has engaged Dixon Hughes Goodman, LLP (“DHG”) to conduct a “custody examination” for the above referenced situations where HB has implied custody. DHG is an independent public accounting firm registered with the Public Company Accounting Oversight Board. Because HB has “implied custody”, these annual custody examinations are required by the SEC Custody Rule and are conducted annually on a surprise basis. A copy of the exam report is available upon request. It is also available through the SEC’s website, [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **HB Funds**

As described earlier in “Item 10 - Other Financial Industry Activities and Affiliation”, HB serves as the Adviser to the HB Funds and its related entities serve as the Manager of the respective HB Funds. In this capacity HB has custody of assets of the HB Funds. HB complies with and satisfies its responsibilities under the SEC Custody Rule through the following:

PCAOB Registered Auditor – we have engaged Dixon Hughes Goodman, LLP (“DHG”) to conduct “GAAP” audits of our HB funds. DHG is an independent public accounting firm registered with the Public Company Accounting Oversight Board and subject to regular inspection.

Audited Financial Statements – HB delivers the audited financial statements for our funds to each fund investor in a timely manner.

## **Item 16 – Investment Discretion**

HB has discretion over those accounts under its management as specified in the contractual agreement it enters into with the client. HB buys or sells specific securities in amounts that are a function of HB's understanding of the client's objectives, tolerance for risk, and financial resources in addition to any client imposed trading restrictions. These factors act as limitations on HB's authority and investment discretion.

In some limited cases, Homrich Berg may accept an account on a non-discretionary basis. In this instance, Homrich Berg will discuss investment decisions and transaction with the client prior to making the transaction.

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

HB clients retain the right to vote all proxies and HB is precluded from voting proxies on client’s behalf. However, HB may provide advice to clients regarding the clients' voting of proxies if requested. Clients participating in certain investment opportunities may authorize

the underlying managers to vote proxies on their behalf through the terms of the investment advisory agreements. A copy of the firm's proxy voting policy is available upon request. Please contact the Chief Compliance Officer at 404-264-1400 for a copy.

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Homrich Berg's financial condition. Homrich Berg has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.