

**Item 1: Cover Page**

**FIRM BROCHURE - PART 2A OF FORM ADV:**

**March 2021**



**HB Wealth Management, LLC**

**Investment Advisory Firm CRD # 305611**

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*This brochure provides information about the business practices and qualifications of HB Wealth Management, LLC. Any inquiries regarding the contents of this brochure should contact HB Wealth Management's President & CCO, Mr. Robert A. Barcelona by phone at (616) 717-5714 or by email at: [Rob@HB-Wealth.com](mailto:Rob@HB-Wealth.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.*

*Additional information about HB Wealth Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)*

*Registration does not imply a certain level of skill or training*

## **Item 2: Material Changes**

- This is HB Wealth Management's annual filing for FYE2020.

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## **Item 4: Advisory Business**

HB Wealth Management, LLC specializes in offering investment advisory services in the form of financial planning, discretionary investment management and financial consulting services to individuals, high net worth individuals, families, trusts, estates, businesses and charities. Our firm is a limited liability company founded and headquartered in the State of Michigan, and registered as an investment adviser in MI & OH as of December 31, 2019. Mr. Robert A. Barcelona is the 80% Principle owner of HB Wealth Management, LLC, President, and Chief Compliance Officer (CCO). This is HB Wealth Management annual filing for FYE2020 and at the time of this filing, HB Wealth Management had \$16,500,000.00 in Discretionary assets under management (“AUM”).

### **Financial Planning**

At HB Wealth Management we take the time to listen and learn about each and every client’s current financial position, their goals, and dreams. We do this to help both the client and HB Wealth Management get a better understanding of where the client is currently and where they would like to be in the future. This information is then used as the cornerstone in developing a comprehensive investment strategy. HB Wealth Management believes that an investor should have a thorough understanding of their current financial condition in which to build a solid financial plan.

HB Wealth Management will then review each client’s current assets, income and expenses. We then look to the client’s future income needs & expenses. It is at this point that we start to create the financial plan. The information uncovered in the discovery process, such as risk tolerance and past financial behaviors and decisions, helps us to determine a target asset mix that is appropriate for the client’s goals and risk tolerance. Investment decisions are based on a client’s risk tolerance and time horizon. It is at this point the plan is agreed to and implemented. A client’s thorough understanding of the plan and the potential risks involved with various investments plays a big factor in the overall success of a financial plan.

Capital markets are complex and volatile, educated investors are in a much better position to stay focused on their specific financial plan. A client that understands how their investment strategy is strategically positioned to align with their financial plan has a greater chance of sticking to their financial plan, thus increasing their odds of reaching the desired goals. A clear picture and understanding of their time horizon and risk tolerance is vital to the success of each and every financial plan. At HB Wealth Management, we designed our financial planning process to help our clients stay focused on achieving their goals and objectives. HB Wealth Management’ financial plans are dynamic and will change over time based on changes in a client’s personal situation as well as external changes in their environment and life in general. Clients and HB Wealth Management should revisit a client’s financial plan at least annually to determine if any changes are warranted.

## **Investment Management Services**

HB Wealth Management offers investment management services to its clients that consist of ongoing financial advice and discretionary and/or non-discretionary investment management services.

HB Wealth Management provides financial planning and consulting services as part of HB Wealth Management's investment management services. This would include the client's necessary for HB Wealth Management to develop an investor profile and target asset mix.

HB Wealth Management assists clients with the management of their investments on a discretionary and/or non-discretionary basis. Account investment structure and supervision is guided by a client's objectives (i.e. conservative, moderate, and aggressive), investment experience, investment objectives, time horizon, liquidity needs, risk tolerance, tax circumstances, and other factors. HB Wealth Management's investment recommendations and decisions are not limited to any specific security or industry and may include investment advice regarding the following types on investment vehicles:

- Mutual Funds
- Exchange Traded Funds (ETFs)
- Domestic Equities
- Foreign Equities
- Corporate Bonds
- Commercial Paper
- Certificates of Deposit
- Municipal Bonds
- U.S. Treasuries
- Tax Free Fixed Income
- Options
- REITs
- Real Estate Private Placements
- 3<sup>rd</sup> Party Money Managers
- Commodities
- Preferred Stocks

Because investments involve varying degrees of risk, they will only be utilized or recommended when consistent with a client's stated investment goals, risk tolerance, liquidity needs, and tax circumstances.

As part of HB Wealth Management' investment management services, and depending on a client's individual needs, HB Wealth Management has the ability to create custom portfolios or HB Wealth Management will invest client assets in one of three model portfolios developed by HB Wealth Management.

Once HB Wealth Management constructs an investment portfolio for a client, HB Wealth Management will monitor each client's investment strategy and performance on an ongoing basis and will rebalance the portfolio as HB Wealth Management finds appropriate. Clients are required to notify HB Wealth Management immediately if their financial circumstances and/or investment objectives change from what has already been disclosed to HB Wealth Management.

### **Qualified Plan Consulting Services**

HB Wealth Management offers qualified plan consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor, administrator or named "fiduciary". In general, these services include, but are not limited to:

- The creation of an "Investment Policy Statement"
- Non-Discretionary Plan-Level Investment Advice
- Discretionary Plan-Level Investment Advice
- Non-Discretionary Participant Investment Advice
- Discretionary Participant Investment Advice
- Performance Monitoring
- Investment Reports
- Educational Services (meetings & seminars)
- Enrollment Meetings

Educational meetings and seminars include: Diversification, Asset Allocation, Risk Tolerance, Time Horizon and other investment-related topics specific to the plan.

HB Wealth Management provides additional types of qualified plan consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which includes additional plan-level or participant level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

Depending on the negotiated services to be performed under the Retirement Plan Investment Advisory Agreement, HB Wealth Management serve/act as a "fiduciary" of a plan as defined in Section 3(21) and/or Section 3(38) under ERISA. In providing services to the Plan, HB Wealth Management status is that of an investment adviser registered with the state of MI, OH and other jurisdictions where required. HB Wealth Management is not subject to any disqualifications under Section 411 of ERISA.

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

HB Wealth Management is a "Fee-Only" investment advisory firm and receives compensation based on the type of advisory services performed. HB Wealth Management reserves the right

to negotiate fees and compensation with its clients. Negotiated fees between HB Wealth Management and the client will supersede HB Wealth Management’s existing fee structure. The HB Wealth Management investment advisory contract can be terminated by the client within five (5) business days of the signing of the investment advisory contract and the client will not be responsible for advisory fees incurred during that time. Please review the fee and compensation information below.

Lower fees for comparable services may be available from other sources.

### **Investment Management Fee Structure**

HB Wealth Management investment management fees are charged quarterly, in arrears, and are based on the market value of the equities and/or fixed income assets managed, and calculated as follows:

<b>Equities &amp; Fixed Income Fee Schedule</b>	<b>Annual Advisory Fee</b>
\$0 - \$250,000	1.00%
\$250,001 - \$2,000,000	0.95%
\$2,000,000 – \$5,000,000	0.90%
\$5,000,000 – \$10,000,000	0.75%
\$10,000,000+	Negotiated

<b>Fixed Income Fee Schedule</b>	<b>Annual Advisory Fee</b>
\$0 - \$100,000	0.45%
\$100,001 - \$250,000	0.40%
\$2,000,000 – \$5,000,000	0.35%
\$5,000,000 – \$10,000,000	0.30%
\$10,000,000+	Negotiated

### **Financial Planning Fees**

HB Wealth Management offers financial planning services on a fixed fee basis. HB Wealth Management charges a fixed fee of \$2,500 for a basic financial plan. However, more complex financial situations will require fees in excess of \$2,500 and will be discussed and negotiated prior the initial work being performed. If additional fees are applicable they will not be in excess of \$5,000. Payment terms are discussed and agreed upon prior to commencement of work being performed. HB Wealth Management will require clients to pay 50% of the fee (\$1,250) at the signing of the contract with the remaining 50% (\$1,250) of the fee due upon completion of services rendered and/or the delivery of the completed financial plan.

Financial plans not completed within six (6) months from the time the Adviser confirms receipt of all the requested information from the client, will result in the client receiving a full refund of any financial planning fees paid by the client and any outstanding fees waived.

### **Retirement Planning Fees**

HB Wealth Management offers retirement planning services to pre-retirees on a fixed fee basis. HB Wealth Management charges a fixed fee of \$1,000 for a retirement plan. Payment terms are discussed and agreed upon prior to commencement of work being performed. HB Wealth Management will require clients to pay 50% (\$500) of the fee at the signing of the contract with the remaining 50% (\$500) due upon completion of services rendered and/or delivery of the completed retirement plan.

Retirement plans not completed within six (6) months from the time the Adviser confirms receipt of all the requested information from the client, will result in the client receiving a full refund of any retirement planning fees paid by the client and any outstanding fees waived.

### **Qualified plan Consulting Fees**

HB Wealth Management advisory fees for qualified plan consulting services are negotiated with the plan sponsor or named fiduciary on a case-by-case basis. Fees vary and can range up to 1.00% of plan assets. Fees are billed quarterly in arrears, based on the balance on the last business day of the calendar quarter; or the fees maybe included within the funds available through the plan and then distributed to HB Wealth Management via the plan custodian.

Either party to the qualified plan consulting agreement can terminate the agreement upon written notice to the other party in accordance with the terms of the agreement for services. The qualified plan consulting fees will be prorated for the billing period in which the termination notice is given and any unearned fees will be refunded to the client, if applicable.

### **Investment Advisory Fee Billing**

HB Wealth Management receives written authorization from the client to deduct advisory fees from an account held by a qualified custodian. HB Wealth Management sends the qualified custodian an invoice of the amount of the fee to be deducted from the client's advisory account(s) at the end of each quarter. The qualified custodian sends the client a statement, at least quarterly that reflects the deduction of the investment advisory fee. HB Wealth Management sends the client a written report itemizing the fee, including any the formula used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based. HB Wealth Management investment advisory fees are billed quarterly, in arrears, and are based on the balance of the accounts managed by HB Wealth Management.

### **Other Fees and Expenses**

HB Wealth Management does not charge additional fees other than the fees listed above and/or negotiated.



HB Wealth Management does not receive or share any additional fees or expenses incurred by advisory clients.

HB Wealth Management charges negotiated fees for retirement plan (qualified plan) consulting services that differ from the above investment management fee structure.

HB Wealth Management clients will incur brokerage and other transaction costs by the custodian. HB Wealth Management does not receive these fees nor does it share in these fees; see Item 12 for additional information.

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

HB Wealth Management does not charge performance-based fees or participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in client advisory accounts.

HB Wealth Management receives no additional compensation other than the agreed upon management fees negotiated and HB Wealth Management does not share in any performance based fees.

## **Item 7: Types of Clients**

HB Wealth Management clients can include: individuals, high net worth individuals, business entities, trusts, estates, charitable organizations, and qualified plans. HB Wealth Management does not require an annual minimum fee or asset level for investment advisory or investment planning services.

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

When appropriate, HB Wealth Management will use the following methods of analysis when providing investment advice to clients:

**Technical Analysis** - Technical Analysis involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks. The risk of market timing based on technical analysis is that charts will not accurately predict future price movements. Current prices of securities often reflect all information known about the security and day to day changes in market prices of securities will follow random patterns and in these cases, not be predictable with any reliable degree of accuracy.

**Fundamental Analysis** - Fundamental analysis involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience, and expertise of the company's management, and the outlook for

the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value. The risk of fundamental analysis is that information obtained is incorrect and the analysis will not provide an accurate estimate of earnings, which in turn, will be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

***Cyclical Analysis*** - Cyclical analysis is a type of technical analysis that involves evaluating recurring price patterns and trends based upon business cycles. The lengths of economic cycles are difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

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

***Qualitative Analysis*** - Qualitative analysis is a securities analysis that uses subjective judgment based on unquantifiable information, such as management expertise, industry cycles, strength of research and development, and labor relations. Qualitative analysis contrasts with quantitative analysis, which focuses on numbers that can be found on reports such as balance sheets. The two techniques, however, will often be used together in order to examine a company's operations and evaluate its potential as an investment opportunity.

### **Investment Strategies**

HB Wealth Management believes that asset allocation across diverse investment is the key to long term success in reaching client objectives. A Client's portfolio is customized to that client's specific investment objectives and risk tolerance. Each portfolio is constructed using a strategic asset allocation methodology, with prevailing long-term trends in mind. Short-term trends and strategies will not be employed unless necessary in accordance with Client mandates. HB Wealth Management structures portfolios using a proprietary methodology. HB Wealth Management believes that Clients will benefit from having a portfolio of holdings invested in a variety of assets classes. To the extent that these asset classes are non-correlated, the portfolio will experience investment returns with mitigated risk. HB Wealth Management will not pursue strategies that are highly speculative and risky in nature.

### **Risk of Loss**

Investing in securities involves risks, including the loss of principal. Securities will and do fluctuate in value. Clients should understand and be prepared for these fluctuations in value as well as for the potential of loss. HB Wealth Management assists clients in determining an appropriate asset allocation strategy based primarily on their risk tolerance and time horizon. Even with these methods in place, there is no guarantee that a client will meet or exceed their investment goals. HB Wealth Management will continually review a client's investment goals, financial situation, time horizon, tolerance for risk and other factors at least annually to determine if the current asset allocation is still an appropriate asset allocation for the client. A

client's participation and understanding of the process, including full and accurate disclosure of any and all requested information, is an essential piece to the client understanding the risks involved. HB Wealth Management relies heavily on the information provided by the client in determining the appropriate investments for said client. Therefore, the responsibility lies on the client to relay accurate and up to date information to the HB Wealth Management Advisor. This information should include any changes in the client's financial condition, goals or other factors that may affect this analysis. The risks associated with a particular strategy are provided to each client in advance of investing the client's assets.

With the clients approval HB Wealth Management will use margin as a tool in managing the allocation during the rebalancing of client accounts if needed. HB Wealth Management, with a client's approval and the appropriate options agreement on file will employ options strategies to hedge or gain additional exposure to a particular asset class or sector. Following are some of the risks associated with these transactions

#### **Market Risks**

All securities, particularly individual equity and debt securities are subject to market volatility, economic factors and certain other market risks. The success of a particular investment depends to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that HB Wealth Management will be able to predict those price movements accurately.

#### **Item 9: Disciplinary Information**

HB Wealth Management has not been the subject of any disciplinary action(s) and does not have any legal of disciplinary information to disclose. Any disciplinary information regarding HB Wealth Management Investment Advisor Representatives would be disclosed here as well as additional information being disclosed on the HB Wealth Management IAR's ADV Part 2B.

#### **Criminal or Civil Actions**

There are no criminal or civil actions to report.

#### **Administrative Proceedings**

There are no administrative proceedings to report.

#### **Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

#### **Item 10: Other Financial Industry Activities and/or Affiliations**

- A. Neither HB Wealth Management, nor its representatives, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

- B. Neither HB Wealth Management, nor its representatives, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. HB Wealth Management has acquired 2 additional owners each acquiring a 10% Indirect ownership stake in HB Wealth Management. These owners are:
  - Peter Herman of Hudsonville MI, 49426. CRD# 5923973
  - Melvin Stephens of Northville MI, 48168 CRD# 7232167
- D. HB Wealth Management does not recommend other investment advisers to its clients.

## **Item 11: Code of Ethics, Client Transactions and Personal Trading**

### **Code of Ethics**

HB Wealth Management and its employees are committed to a Code of Ethics that is available for review and will be provided to clients and prospective clients upon request. HB Wealth Management Financial Planning & Investment Management strives to comply with all applicable laws and regulations governing its practices. Therefore, HB Wealth Management has set forth guidelines for professional standards of conduct for its associated persons, the goal of which is to protect our client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith, and fair dealing with clients. All associated persons are expected to adhere strictly to these guidelines. Associated persons are also required to report any violations of the Firm's Code of Ethics. Additionally, HB Wealth Management maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about clients or their account holdings by HB Wealth Management or any associated person.

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

Neither HB Wealth Management nor any of our associated persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Personal Trading**

A conflict of interest exists in such cases because we have the ability to trade ahead of clients and potentially receive more favorable prices than clients will receive. To mitigate this conflict of interest, it is our policy that we shall not have priority over client accounts in the purchase or sale of securities.

## **Item 12: Brokerage Practices**

### **Selecting Brokerage Firms**

HB Wealth Management can and has the ability to work with multiple custodians, but prefers to use Charles Schwab as the preferred custodian. Therefore, HB Wealth Management will recommend that its clients work with Charles Schwab. HB Wealth Management does not receive fees or commissions from this or any arrangement. HB Wealth Management recommends and prefers Charles Schwab as the custodian based on the proven integrity and

financial responsibility of the firm and the best execution of orders at reasonable commission rates.

### **The custodian and brokers we use**

HB Wealth Management does not maintain custody of your assets that we manage/on which we advise, although we are deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Your assets must be maintained in an account at a “qualified custodian.” (broker-dealer or bank) We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we can assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below (see “Your brokerage and custody costs”).

### **How we select brokers/custodians**

We seek to select and use a custodian/broker that will hold your assets and execute transactions on terms that are, overall, most advantageous when compared with other available providers and their services. We consider a wide range of factors, including:

- Combination of transaction execution services and asset custody services (without separate custody fees for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, security and stability
- Prior service to us and our clients
- Availability of other products and services that benefit us, as discussed below (see “Products and services available to us from Schwab”)

### **Best Execution**

We believe in using custodians that provide the best services at competitive rates. The reasonableness of commission rates is based on several factors, including the broker's ability to provide professional services, execution, the broker's reputation, experience and financial

stability of the broker or dealer, and the quality of service rendered by the broker or dealer in transactions. Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. The above mentioned custodian, Charles Schwab, has a history of best execution performance that is well documented in various publications and testing results.

### **Your brokerage and custody costs**

For our clients' accounts that Schwab maintains, Schwab does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Certain trades (for example, many mutual funds and specific ETFs) do not incur Schwab commissions or transaction fees. Schwab is also compensated by earning interest on the uninvited cash in your account in Schwab's Cash Features Program. This commitment benefits you because the overall commission rates you pay could be lower than they would be otherwise. In addition to commissions and asset-based fees, Schwab charges you a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab execute most trades is consistent with our duty to seek "best execution" of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see "How we select brokers/custodians").

### **Products and services available to us from Schwab**

Schwab Advisor Services™ is Schwab's business serving independent investment advisory firms like us. They provide us and our clients with access to their institutional brokerage services (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 us manage or administer our clients' accounts; while others help us manage and grow our business. Schwab's support services are available on an unsolicited basis (we don't have to request them) and at no charge to us. Following is a more detailed description of Schwab's support services:

**Services that benefit you.** 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 we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph benefit you and your account.

**Services that do not directly benefit a client.** Schwab also makes available to us, other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include

investment research, both Schwab's own and that of third parties. We use this research to service all or a substantial number of our 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 (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 our fees from our clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

#### **Services that benefit us.**

Schwab also offers other services intended to help us manage and further develop our 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
- Marketing consulting and support

Schwab provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab can also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab can also provide us with other benefits, such as occasional business entertainment of our personnel.

#### **Our interest in Schwab's services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services. These services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. This creates an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's services that benefit our business and Schwab's payment for services for which we would otherwise have to pay rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How we select brokers/ custodians") and not Schwab's services that benefit only us.

### **Order Aggregation**

It is HB Wealth Management practice to aggregate transactions across multiple client accounts if and when possible.

### **Directed Brokerage**

In limited circumstances, and at our discretion, clients can instruct HB Wealth Management to use one or more particular brokers for the transactions in their accounts. If clients choose to direct our firm to use a particular broker, clients should understand that this might prevent us from effectively negotiating brokerage commissions on a client's behalf. This practice can prevent HB Wealth Management from obtaining a favorable price and execution. Thus, when directing brokerage business, clients should consider whether the commission expenses, execution, clearance, and settlement capabilities that clients will obtain through a particular broker are adequately favorable in comparison to those that we would otherwise obtain for clients.

### **Trade Errors**

Trading errors can and do happen. If a trade error occurs when entering a trade on behalf of a client, HB Wealth Management policy is to restore a client's account to the position it should have been in had the trade error had not occurred. Depending on the circumstances, corrective actions can include canceling/busting said trade, adjusting the client account to reflect the appropriate asset allocation and/or the reimbursing of any fees to the client account.

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

### **Periodic Reviews**

Financial Plans are reviewed at least annually and updated by HB Wealth Management on a periodical basis as deemed necessary by HB Wealth Management and said client. Reviews are ongoing and are done quarterly, semiannually and/or annually as predetermined by HB Wealth Management and the client. Portfolio and financial plan reviews are and in most cases predetermined in advance with HB Wealth Management clients. Reviews can also be prompted by the client and/or HB Wealth Management at any given time.

### **Review Triggers**

Other conditions triggering a review are changes in the portfolio allocation, new information affecting the specific client's situation, and changes in a client's own situation.

### **Regular Reports**

HB Wealth Management clients receive monthly and/or semi-annual portfolio performance statements from the custodian holding client assets. In addition, clients also receive transaction confirmations from the account custodian being used.

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



We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. In addition, Schwab has also agreed to pay for certain products and services for which we would otherwise have to pay once the value of our clients' assets in accounts at Schwab reaches a certain amount. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12—Brokerage Practices).

## **Item 15: Custody**

HB Wealth Management does not accept or maintain custody of any client accounts. All clients must place their assets with a qualified custodian. Clients can choose a qualified custodian of their own preference. If a client has no preference of a qualified custodian, HB Wealth Management will recommend a qualified custodian to clients based on their needs. (i.e. Charles Schwab) Qualified custodians often allow for direct debit of advisory fees. Therefore, if a custodian allows for direct debiting and the client chooses to have advisory fees direct debited from their accounts, HB Wealth Management directly debit clients account(s) for the payment of our advisory fees, unless a client directs us not to and chooses a different method of payment.

Clients, through the advisory agreement, give written authorization to have their advisory fees deducted directly from their account(s) at the applicable custodian; HB Wealth Management is deemed to have limited custody of client's assets during this fee deduction process and, therefore, must have written authorization from the client to do so. Clients will receive all account statements and billing invoices from the custodian that are required in each jurisdiction, and they should carefully review all statements for precision and accuracy.

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account [or if you grant us authority to move your money to another person's account]. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them.

- I. HB Wealth Management possesses written authorization from the client to deduct advisory fees from an account held by a qualified custodian;
- II. HB Wealth Management sends the qualified custodian written notice of the amount of the fee to be deducted from the client's account and
- III. HB Wealth Management sends the client a written invoice itemizing the fee, including any formulae used to calculate the fee, the time period covered by the fee and the amount of assets under management on which the fee was based.

## **Item 16: Investment Discretion**

HB Wealth Management can provide both discretionary and non-discretionary investment management services to its clients. Custody options will be discussed and approved by both parties prior to the opening of the initial account. The client must approve of the custodian that will be used and the commission rates paid to the custodian by the client. HB Wealth Management does not receive any portion of the transaction fees and/or commissions paid by the client to the custodian on any given trade and/or transaction.

### **Discretionary Authority**

HB Wealth Management manages certain client's investments in a discretionary fashion. A signed investment management agreement/contract between the client and HB Wealth Management establishes the discretionary authority for trading in a client's account. Where investment discretion has been granted by the client, HB Wealth Management will manage the client's account and has the ability to make investment decisions without consulting with the client as to what securities are to be bought and/or sold, when the securities are to be bought and/or sold, the amount of securities to be bought and/or sold, and/or the price per share of said security. In some instances, HB Wealth Management' discretionary authority will be limited; as a client can impose certain conditions and/or instructions that HB Wealth Management must adhere to.

### **Non-Discretionary Authority**

HB Wealth Management manages certain client's investments in a non-discretionary fashion. HB Wealth Management and its client must both agree to an investment decision prior to taking action in said investment. Because of this, all new investments must be agreed upon prior to taking an initial position in a client's account or portfolio. A client always has a right to decline to implement any new investment advice provided by HB Wealth Management.

## **Item 17: Voting Client Securities**

### **Proxy Votes**

HB Wealth Management can and will assist clients with voting proxies if the client chooses. If client owns investments, clients are shareholders and can exercise their right to vote on proxies as a shareholder. In most cases, clients will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, the materials would be forwarded directly to clients by mail, unless clients have authorized the firm to contact clients by electronic mail, in which case, we would forward any electronic solicitation to vote proxies. Clients that would like assistance from HB Wealth Management in understanding the material within the proxy and/or would like assistance with the voting process can contact HB Wealth Management by phone or by email using the contact information on the front of this brochure.

### **Class Action Lawsuits**

HB Wealth Management is not responsible for determining if securities held by clients are the subject of a class action lawsuit or whether clients are eligible to participate in said class action settlement or litigation nor does HB Wealth Management initiate or participate in litigation to recover damages on a client's behalf for damages as a result of said actions, misconduct, or

negligence of said party. Any and all inquiries regarding this should be initially directed to the custodian in which the assets are/were held.

## **Item 18: Financial Information**

### **Financial Condition**

HB Wealth Management does not have any financial situations that will result in HB Wealth Management from meeting contractual commitments to clients.

HB Wealth Management does not charge more than \$500 in fees per client, six months or more in advance.

## **Item 19: Requirements for State-Registered Advisers**

A. Mr. Robert A. Barcelona is the President & CCO of HB Wealth Management. Mr. Robert A. Barcelona's education and business background can be found on HB Wealth Management's supplemental ADV Part 2B.

B. Mr. Robert A. Barcelona's other business activities can be found on ADV Part 2B.

C. HB Wealth Management does not accept performance-based fees or other fees based on a share of capital gains on and/or capital appreciation of the assets of its clients.

D. No management person at HB Wealth Management has been involved in an arbitration claim or been found liable in a civil or criminal court, self-regulatory organization, or administrative proceeding.

E. HB Wealth Management and its management persons do not have a relationship and/or arrangement of any kind with any issuers of securities.

## **Item 20: Additional Information**

### **Privacy**

HB Wealth Management is committed to maintaining the confidentiality, integrity and security of the personal information that is entrusted to us by both prospects and clients. The categories of nonpublic information that we collect from clients includes information about a client's personal situation to the extent that it is needed for the financial planning process, information about transactions between clients and third parties, and information from consumer reporting agencies. (i.e. credit reports) HB Wealth Management uses this information to assist clients in the development and the implementation of a client's financial plan. With a client's permission, HB Wealth Management will disclose limited information to attorneys, accountants, and mortgage lenders and to whom ever a client has an established relationship with. HB Wealth Management shares limited amounts of information about clients with service providers, such

as the custodian of clients account, so that we can enhance the service level provided to our clients. HB Wealth Management maintains a secure location for the storage of client information. HB Wealth Management employs a firewall, secure data encryption techniques and authentication procedures on our computer network and cloud providers. HB Wealth Management will never provide a client's personal information to mailing list vendors, solicitors and/or third parties of any kind. We require strict confidentiality in our agreements with unaffiliated third parties that require access to a client's personal information, including financial service firms, consultants and auditors. Federal and state securities regulators have the ability to review our company records and client's personal records as permitted by law. Personal information about clients will be maintained for the required period. Thereafter, records are required to be maintained by federal and state securities laws. After that time, information will be maintained, destroyed or returned to the client. HB Wealth Management will notify clients in advance if the HB Wealth Management privacy policy were to change. We are required by law to deliver a Privacy Policy/Notice to clients annually.

#### **Business Continuity Plan (BCP)**

HB Wealth Management has created a written BCP that is available to clients and prospects upon request. A written BCP helps in identifying procedures relating to an emergency or significant business disruption, including death or incapacitation of the investment adviser or any of its representatives. Such procedures are in place to help HB Wealth Management IARs meet their existing fiduciary obligations to their clients.

#### **Conflicts of Interest Disclosure**

HB Wealth Management discloses all material conflicts of interest prior to a client signing the HB Wealth Management Investment Advisory Agreement. This is done verbally and through HB Wealth Management ADV Brochures Part 2A & 2B, HB Wealth Management Conflict of Interest Disclosure document and the HB Wealth Management Advisory Agreement.