

Item 1 – Cover Page



**REDHAWK<sup>®</sup>**  
**WEALTH ADVISORS**

**ADV Part 2A: *Firm Brochure***  
**Redhawk Wealth Advisors, Inc.**

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03/17/2020

This brochure provides information about the qualifications and business practices of Redhawk Wealth Advisors, Inc. If you have any questions about the contents of this brochure, please contact Redhawk at (952) 835-4295 or [support@redhawkwa.com](mailto:support@redhawkwa.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training. Additional information about Redhawk Wealth Advisors, Inc. also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 146616.

## Item 2 - Material Changes

This Firm Brochure provides you with a summary of Redhawk's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform interested parties of the revision(s) based on the nature of the information as follows.

1. **Annual Update:** We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide interested parties with a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE.

2. **Material Changes:** Should a material change in our operations occur and depending on its nature, we will promptly communicate this change to clients (and it will be summarized in this Item). "Material Changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates, or any information that is critical to a client's full understanding of who we are, how to find us, and how we do business. The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated 3/18/2019:

Item 4 – Investment Advisory Business. Updated the Redhawk agreements that are included under discretionary and non-discretionary AUM.

Item 4 – Investment Advisory Business – Wealth Management. Added definitions for the Trading Open Investment Platform (“TOIP”), Third-Party Money Manager Held Away Accounts Open Investment Platform (“3OIP”), Held Away Accounts Open Investment Platform (“HOIP”), Standard Captive Insurance Company Accounts (“SCIC”), ET Group of Companies Captive Insurance Company Accounts (“ECIC”), and 403(b) and 457(b) Retirement Accounts.

Item 4 – Investment Advisory Business. Restated the discretionary assets under management to exclude assets that are managed under an ERISA 3(21) investment management agreement. Such assets are now included under the non-discretionary assets under advisement.

Item 5 – Fees and Compensation. Added the fee schedules for the TOIP, 3OIP, HOIP, SCIC, and ECIC accounts.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss. Updated the process to select, monitor, and replace investments that are available on the various investment platforms.

Item 14 – Client Referrals and Other Compensation. Added compensation arrangements with Brokers International, LTD and Lafayette Life Insurance Company. Removed the compensation arrangement with National Gold Consultants.

**Item 3 - Table of Contents**

Item 1 – Cover Page .....1

Item 2 - Material Changes .....2

Item 3 - Table of Contents.....3

Item 4 – Investment Advisory Business .....4

Item 5 - Fees and Compensation .....8

Item 6 - Performance-Based Fees and Side-By-Side Management.....15

Item 7 - Types of Clients .....15

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....15

Item 9 - Disciplinary Information.....20

Item 10 - Other Financial Industry Activities and Affiliations.....20

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....22

Item 12 - Brokerage Practices .....23

Item 13 - Review of Accounts .....23

Item 14 - Client Referrals and Other Compensation .....23

Item 15 - Custody .....24

Item 16 - Investment Discretion .....24

Item 17 - Voting Client Securities .....24

Item 18 - Financial Information .....24

#### **Item 4 – Investment Advisory Business**

Redhawk Wealth Advisors, Inc. (“Redhawk” or “Firm”) is an SEC-registered investment advisor with its principal place of business based in Minneapolis, Minnesota. Redhawk began conducting business in 2008. Below are the Firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Daniel Edward Hunt, CEO

Redhawk provides investment advice and portfolio management services to individuals, trusts, estates, charitable organizations, foundations, endowments, corporations, captive insurance companies (“CIC” or “CICs”), qualified retirement plans, or other businesses not listed above (collectively referred to herein as “Client” or “Clients”). Redhawk’s services include the review of Client investment objectives and goals, recommending investment products such as cash, portfolios, stocks, mutual funds, exchange-traded-funds (“ETFs”), bonds, annuities, alternatives, and preparing a written Investment Policy Statement (“IPS”). Redhawk’s investment advice is tailored to meet the Clients’ needs and investment objectives. Clients may impose restrictions on investing in certain securities or types of securities (such as a product type, specific companies, specific sectors, etc.) by providing a signed and dated written notification, of which an e-mail is also an acceptable form of notification.

Redhawk provides investment advisory and other financial services through independent financial advisors who have either affiliated with Redhawk or have an investment sub-advisory agreement with the independent financial advisor’s registered investment advisory firm (“Financial Advisor” or “Financial Advisors”). Redhawk provides discretionary and non-discretionary investment advisory services to its Clients through various managed account programs and wrap programs. Redhawk and the Financial Advisor will assist Clients in determining the investments that are in the best interest of the Client. The Financial Advisor is compensated based on a percentage of assets and the account is assessed other brokerage and account transaction fees (except for wrap accounts). Redhawk and the Financial Advisor, as appropriate, will be responsible for the following:

- Perform due diligence in order to select the investments.
- Perform ongoing monitoring and replacement oversight of the investments.
- Provide a Client risk profile assessment.
- Provide research and analytics on investment product options, as needed.
- Recommend investments that are in the best interest of the Client based on:
  - Risk profile assessment
  - Age
  - Retirement date
  - Investible assets
  - Financial goals
- Prepare a customized IPS for the Client.
- Provide ADV Part 2A (Firm Brochure) and ADV Part 2A Appendix 1 (Wrap Fee Program Brochure).
- Obtain the investment management agreement from the Client with the required IPS and investment selection for each new account or change in investment.
- Perform Client best interest compliance review for new accounts including account documentation, IPS, and investment selections.

As of 12/31/2019, Redhawk disclosed \$1,414,807,077 in total assets representing \$1,111,611,503 in discretionary Assets under Management (“AUM”) and \$303,195,574 in non-discretionary Assets under Advisement (“AUA”).

AUM shall mean assets that are invested under either:

- a Redhawk Unified Managed Account Agreement (or “RUMA”); or
- a Wrap Agreement; or
- a Standard Open Investment Platform Discretionary Investment Advisory Agreement (or “SOIP”); or
- a Trading Open Investment Platform Discretionary Investment Advisory Agreement (or “TOIP”); or
- an ERISA 3(38) Investment Management Agreement; or

- a Standard Captive Insurance Company Investment Management Agreement; or
- an ET Group of Companies Captive Insurance Company Investment Management Agreement; or
- a Cash Balance Investment Management Agreement; or
- a 403(b) / 457(b) Investment Management Agreement.

AUA shall mean all other Client assets under advisement by a Financial Advisor that may be invested in:

- a Third-Party Money Manager Held Away Accounts Open Investment Platform Agreement (or “3OIP”); or
- a Held Away Accounts Open Investment Platform Agreement (or “HOIP”); or
- a Retirement Plan ERISA 3(21) Investment Advisor Agreement; or
- an ERISA retirement plan whereby the Financial Advisor is the advisor of record for the plan and Redhawk is not serving as an ERISA 3(21) Investment Advisor or a 3(38) Investment Manager.

Additional information regarding Redhawk’s investment advisory services to wealth management and retirement plan Clients are described below.

### **Wealth Management**

As part of the financial planning process, the Financial Advisor conducts a personal discussion with the Client and completes a risk tolerance assessment to determine the Client's goals and objectives. The Financial Advisor then determines the appropriate investment or investments that is in the best interest of the Client. Under this arrangement, the Client retains individual ownership of all securities.

Redhawk’s investment recommendations are not limited to any specific product or service offered by a broker dealer, registered investment advisors, or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Corporate debt securities (other than commercial paper)
- Options
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- Exchange Traded Funds (“ETFs”)
- Unit Investment Trusts (“UITs”)
- Collective Investment Trust (“CITs”)
- United States governmental securities
- Structured products

Redhawk continuously monitors the performance of accounts managed by third-party money managers and will assume discretionary authority to hire or fire the money manager where such action is deemed appropriate and in the best interest of the client. Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the Client's stated investment objectives, tolerance for risk, liquidity, and best interest. To ensure that the initial determination of an appropriate portfolio remains in the best interest of the Client and that the account continues to be managed in a manner consistent with the Client's financial circumstances, the Financial Advisor will:

1. Conduct a Client review, at least annually, to determine whether there have been any changes in the Client's financial situation or investment objectives, and whether the Client wishes to impose investment restrictions or modify existing restrictions.

2. Ensure that they be available to consult with the Client.
3. Maintain Client suitability information and the IPS in each Client's file.

Financial Advisors have several choices for Client accounts and can utilize several investment platforms that are in the best interest of their Client including:

**Legacy Account** – An account that is customized for the Client. Redhawk executes the trades based on direction from either the Financial Advisor or Client. The Client will enter into a Redhawk Unified Managed Account (“RUMA”) agreement. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds and there isn’t a minimum account balance that is required for this account.

**Managed Account** – Includes various third-party money managers, mutual funds, and ETFs selected and monitored by Redhawk. Redhawk has full oversight over the investments and Redhawk executes the trades on behalf of the Client based on direction from the third-party money manager. The Client will enter into a Redhawk Unified Managed Account (“RUMA”) agreement. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds and the minimum account balance for a managed account is \$1,000.

**Wrap Account** – An account that is invested in an asset allocation strategy managed by Redhawk. This account is an all-in-one fee account that includes the investment management fee, Financial Advisor fee, and all transaction and trading costs. The Client does not pay for the trading and transaction costs. The minimum account balance for a Wrap account is \$250,000 and more details on the wrap account can be found in our ADV Part 2A – Appendix 1.

**Standard Open Investment Platform (“SOIP”)** – An account that enables the Financial Advisor to have full-discretion and fiduciary oversight of the Client’s account. The Financial Advisor must execute the Redhawk IAR OIP Agreement with Redhawk, and the Financial Advisor is responsible to execute the Redhawk Standard Open Investment Platform Discretionary Investment Advisory Agreement with each Client. This agreement will give Redhawk the authority to deduct the Redhawk administration fee and Financial Advisor fee on a monthly basis. For this account, the Financial Advisor is responsible for executing trades and managing the account on behalf of the Client. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds.

**Trading Open Investment Platform (“TOIP”)** – An account that enables the Financial Advisor to manage their own portfolios and Redhawk executes the trades on behalf of the Client based on direction from the Financial Advisor. The Financial Advisor must execute the Redhawk IAR OIP Agreement with Redhawk, and the Financial Advisor is responsible to execute the Redhawk Trading Open Investment Platform Discretionary Investment Advisory Agreement with each Client. This agreement will give Redhawk the authority to execute the trades and deduct the Redhawk administration fee and Financial Advisor fee on a monthly basis. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds.

**Third-Party Money Manager Held Away Accounts Open Investment Platform (“3OIP”)** – An account that is managed by a third-party money manager and the account is “held away” and custodied at the third-party money manager’s custodian. The third-party money manager is approved by Redhawk. The Financial Advisor must execute the Redhawk IAR OIP Agreement with Redhawk, and the Financial Advisor is responsible to execute the Redhawk Third-Party Money Manager Held Away Accounts Open Investment Platform Agreement with each Client. The third-party money manager executes the trades and deducts the Redhawk administration fee and Financial Advisor fee on either a monthly or quarterly basis. The Client pays for all trading and transaction costs.

**Held Away Accounts Open Investment Platform (“HOIP”)** – An account that is “held away” and custodied at an outside financial institution. For this type of account, the Financial Advisor is providing financial planning

oversight on the account. The Client gives authorization to Redhawk to access their account information, using a third-party data aggregation firm, to upload their account information to Redhawk's platform daily. This allows the Financial Advisor to provide financial planning services on all accounts held by the Client. The third-party aggregation firm is approved by Redhawk. The Financial Advisor must execute the Redhawk IAR OIP Agreement with Redhawk, and the Financial Advisor is responsible to execute the Redhawk Held Away Accounts Open Investment Platform Agreement with each Client. The Client instructs Redhawk to either invoice them directly on a monthly basis or to take the fees out of a non-qualified account held at Redhawk on a monthly basis.

**Standard Captive Insurance Company Accounts (“SCIC)** – A CIC is created and wholly owned by one or more non-insurance companies to insure the risks of its owner (or owners). A CIC is essentially a form of self-insurance whereby the insurer is owned wholly by the insured. They are typically established to meet the risk-management needs of the owners or members. Once established the captive operates like any commercial insurance company and is subject to state regulatory requirements including reporting, capital and reserve requirements. Redhawk has full oversight over the investments for the CIC and the account is invested in an asset allocation strategy managed by Redhawk. The minimum account size is \$250,000. The Client will enter into a Standard Captive Insurance Company Investment Management Agreement and the Client pays for all trading and transaction costs.

**ET Group of Companies Captive Insurance Company Accounts (“ECIC)** – ET Group of Companies is a part owner of Alink Captive Insurance Services. Alink Captive Insurance Services offers CICs to business owners of the companies that are part of ET Group of Companies. A CIC is created and wholly owned by one or more non-insurance companies to insure the risks of its owner (or owners). A CIC is essentially a form of self-insurance whereby the insurer is owned wholly by the insured. They are typically established to meet the risk-management needs of the owners or members. Once established the captive operates like any commercial insurance company and is subject to state regulatory requirements including reporting, capital and reserve requirements. Redhawk has full oversight over the investments for the CIC and the account is invested in an asset allocation strategy managed by Redhawk. The minimum account size is \$250,000. The Client will enter into a Standard Captive Insurance Company Investment Management Agreement and the Client pays for all trading and transaction costs.

**403(b) and 457(b) Retirement Accounts** – Are accounts that are part of a tax-deferred retirement savings programs provided by certain employers. Employers such as public educational institutions (public schools, colleges and universities), certain non-profits, and churches or church-related organizations may offer 403(b) plans. Employers such as state and local government agencies and certain non-profit organizations may offer 457(b) plans. Some employers may offer both 403(b) and 457(b) plans and allow you to contribute to both plans. Contact your employer to find out if both plans are available. Redhawk has full oversight over the investments for the 403(b) and 457(b) accounts and the accounts are invested in an asset allocation strategy managed by Redhawk. The Client will enter into a 403(b) and 457(b) Investment Management Agreement and the Client does not pay for trading and transaction costs.

## **Retirement Plans**

### **ERISA Section 3(21) Investment Advisor and 3(38) Investment Management Services**

For employer-sponsored retirement plans, including cash balance plans, Redhawk provides its investment advisory services as an investment advisor as defined under Section 3(21) and as an investment manager as defined under Section 3(38) of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

When serving as an ERISA 3(21) investment advisor, the plan sponsor and Redhawk share fiduciary responsibility. The plan sponsor retains ultimate decision-making authority for the investments and may accept or reject the recommendations in accordance with the terms of a separate ERISA 3(21) Investment Advisor Agreement between Redhawk and the plan sponsor. Redhawk provides the following services to the plan sponsor:

- Screen investments and make recommendations.
- Monitor the investments and suggests replacement investments when appropriate.

- Provide a quarterly monitoring report.
- Assist the plan sponsor in developing an IPS.

When serving as an ERISA 3(38) investment manager, the plan sponsor is relieved of all fiduciary responsibility for the investment decisions made by Redhawk. Redhawk is a discretionary investment manager in accordance with the terms of a separate ERISA 3(38) Investment Management Agreement or a Cash Balance Investment Management Agreement between Redhawk and the plan sponsor. Redhawk provides the following services to the plan sponsor:

- Select the investments.
- Monitor the investments and replace investments when appropriate.
- Provide a quarterly monitoring report.
- Develop a customized IPS.

Redhawk’s goal in identifying the plan’s investment options is to provide a range of options that will enable plan participants to invest according to varying risk tolerances, savings, time horizons, or other financial goals. The plan's investment options may consist of ETFs, CITs, mutual funds, portfolios, or other similar investment funds. The investment funds from which Redhawk will select from will be those that are available on the plan recordkeeper’s investment platform.

Redhawk will prepare an IPS for the plan. The purpose of the IPS is to provide guidelines for making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, monitoring, and, replacement of the investment options offered by the plan. On a monthly or quarterly basis, Redhawk will perform on-going monitoring of the investment options within the plan. The ongoing monitoring of investments is a regular and disciplined process. Monitoring confirms that the criteria remain satisfied and that an investment option continues to be appropriate. The process of monitoring investment performance relative to specified guidelines will be consistently applied and Redhawk will provide the Client with a monitoring report.

## **Item 5 - Fees and Compensation**

### **Wealth Management**

**Legacy Account** - Redhawk's annual administration fees for the legacy account services are based upon a percentage of assets. The Financial Advisor charges a fee to their Client and the fees are fully disclosed in the investment management agreement. The annualized fee for the legacy account services and Financial Advisor services will be charged as a percentage of household assets according to the schedule shown below. The fees are automatically debited from the Client’s account monthly in arrears based on the average daily balance. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds and there isn’t a minimum account balance that is required for this account.

<b>Household Assets</b>	<b>Annual Redhawk Administration Fee</b>	<b>Annual Financial Advisor Fee</b>
Any	0.25%	0.25%

**Managed Account** - Redhawk's annual fees for managed account services are based upon a percentage of assets under management and range from 0.25% to 0.95%. The Financial Advisor may charge a fee of up to 1.00% to their Client. The fees are fully disclosed in the investment management agreement and the annualized fee for portfolio management services and Financial Advisor services will be charged as a percentage of household assets under management according to the schedule shown below. Depending on the portfolio selected, minimum account requirements range from \$1,000 to \$150,000. The fees are automatically debited from the Client’s account monthly in arrears based on the average daily balance. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds.

Household Assets	Annual Fixed Income Portfolio Management Fee	Annual Tactical Portfolio Management Fee	Annual Strategic Portfolio Management Fee	Annual Alternative Portfolio Management Fee	Annual Financial Advisor Fee
\$1,000 - \$4,999			\$50.00		0.00%
\$5,000 - \$499,999	0.25% - 0.950%	0.875%	0.50% - 0.95%	0.50%	0.00% - 1.00%
\$500,000 - \$999,999	0.25% - 0.900%	0.750%	0.50% - 0.90%	0.50%	
\$1,000,000 - \$1,999,999	0.25% - 0.85%	0.50%	0.50% - 0.85%	0.50%	
\$2,000,000 - \$2,999,999	0.25% - 0.80%	0.45%	0.45% - 0.80%	0.50%	
\$3,000,000 - \$3,999,999	0.25% - 0.75%	0.35%	0.35% - 0.75%	0.50%	
\$4,000,000 plus	0.25% - 0.70%	0.25%	0.25% - 0.70%	0.50%	

**Wrap Account** - Redhawk's annual fees for wrap account services are based upon a percentage of assets under management and range from 0.25% – 0.875%. The Financial Advisor charges an additional fee that ranges from 0.25% - 0.875% and the fees are fully disclosed in the investment management agreement. The annualized fee for portfolio management services and Financial Advisor services will be charged as a percentage of household assets under management according to the schedule shown below. The minimum account requirement is \$250,000. Details on the wrap account can be found in our ADV Part 2A – Appendix 1. The fees are automatically debited from the Client's account monthly in arrears based on the average daily balance. Redhawk pays for all trading and transaction fees.

The Wrap Account includes the following portfolio strategies under the following fee schedule:

- Liquid Income
- High Income
- S&P 500 Allocations
- Environmental, Social, and Governance
- Growth Stock
- High Dividend Stock

Household Assets	Annual Portfolio Management Fee	Annual Financial Advisor Fee	Total Annual Investment Management Fee
\$250,000 - \$499,999	0.25% - 0.875%	0.25% - 0.875%	0.50% - 1.75%
\$500,000 - \$999,999	0.25% - 0.750%	0.25% - 0.750%	0.50% - 1.50%
\$1,000,000 - \$1,999,999	0.25% - 0.500%	0.25% - 0.500%	0.50% - 1.00%
\$2,000,000 - \$2,999,999	0.25% - 0.45%	0.25% - 0.45%	0.50% - 0.90%
\$3,000,000 - \$3,999,999	0.25% - 0.35%	0.25% - 0.35%	0.50% - 0.70%
\$4,000,000 plus	0.25%	0.25%	0.50%

**Standard Open Investment Platform (“SOIP”)** - Redhawk's annual administration fees for the SOIP are stated below and the Financial Advisor may charge a fee to their Client. The fees are fully disclosed in the investment management agreement and the annualized fee for administration services and Financial Advisor services will be charged as a percentage of household assets under management according to the schedule shown below. There is

a minimum account requirement of \$2,500. The fees are automatically debited from the Client’s account monthly in arrears based on the average daily balance. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds.

Household Assets	Annual Administration Fee	Annual Financial Advisor Fee
\$2,500 - \$99,999	0.25%	0% - 2.00%
\$100,000 - \$249,999	0.20%	
\$250,000 - \$499,999	0.15%	
\$500,000 - \$999,999	0.10%	
\$1,000,000 plus	0.05%	

**Trading Open Investment Platform (“TOIP”) -** Redhawk’s annual administration fees for the TOIP are stated below and the Financial Advisor may charge a fee to their Client. The fees are fully disclosed in the investment management agreement and the annualized fee for administration services and Financial Advisor services will be charged as a percentage of household assets under management according to the schedule shown below. There is a minimum account requirement of \$2,500. The fees are automatically debited from the Client’s account monthly in arrears based on the average daily balance. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds.

- (a) **Client Fee.** The Client Fee includes the Redhawk Administration Fee, the Redhawk Portfolio Trading Fee, and the Advisor’s advisory services fee as described below.

Household Assets	Annual Client Fee
First \$1,000,000	1.50%
Next \$1,000,000	1.00%
Next \$1,000,000	0.90%
Next \$1,000,000	0.70%
Over \$4,000,000	0.50%

*Example: Client is investing \$1,500,000 in a new TOIP Account and will have a total of \$3,500,000 in Household Assets (the \$3,500,000 includes the new account of \$1,500,000) at Redhawk. All household accounts are on the OIP.*

*Monthly Client Fee: ((first \$1,000,000 times 1.50%) plus (next \$1,000,000 times 1.00%) plus (next \$1,000,000 times 0.90%) plus (\$500,000 times 0.70%)) divided by 12 = (\$15,000 + \$10,000 + \$9,000 + \$3,500) divided by 12 = \$3,125.00.*

- (b) **Redhawk Administration Fee.** The Redhawk Administration Fee is included in the Client Fee.

Household Assets	Annual Redhawk Administration Fee
First \$1,000,000	0.15%
Next \$1,000,000	0.10%
Next \$1,000,000	0.09%
Next \$1,000,000	0.07%
Over \$4,000,000	0.05%

*Monthly Redhawk Administration Fee: ((first \$1,000,000 times 0.15%) plus (next \$1,00,000 times 0.10%) plus (next \$1,000,000 times 0.09%) plus (\$500,000 times 0.07%)) divided by 12. (\$1,500 + \$1,000 + \$900 + \$350) divided by 12 = \$312.50.*

- (c) **Advisor Fee.** The Advisor Fee is included in the Client Fee and represents the remaining amount after the Redhawk Administration Fee and the Redhawk Portfolio Trading Fee are subtracted from the Client Fee.

*Monthly Advisor Fee: (Client Fee) minus (Redhawk Administration Fee) minus (Redhawk Portfolio Trading Fee). (\$3,125.00 - \$312.50 - \$145.83) = \$2,666.67.*

**Third-Party Money Manager Open Investment Platform (“3OIP”)** - Redhawk’s annual administration fees for the 3OIP are stated below and the Financial Advisor may charge a fee to their Client. The fees are fully disclosed in the investment management agreement and the annualized fee for administration services and Financial Advisor services will be charged as a percentage of household assets under management according to the schedule shown below. There is a minimum account requirement of \$2,500. The fees are automatically debited from the Client’s account monthly in arrears based on the average daily balance. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds.

- (a) **Client Fee.** The Client Fee includes the Redhawk Administration Fee and the Advisor’s advisory services fee as described below.

Household Assets	Annual Client Fee
Any	0 – 2.00%

*Example: Client is investing \$250,000 in a new 3OIP Account and will have a total of \$1,250,000 in Household Assets (the \$1,250,000 includes the new account of \$250,000) at Redhawk. All household accounts are on the 3OIP and the Client Fee is 1.00%*

*Monthly Client Fee: (\$1,250,000 times 1.00%) divided by 12 = \$1,041.67.*

- (b) **Redhawk Administration Fee:**

Household Assets	Annual Redhawk Administration Fee
Any	0.40%

NOTE: Each account will be charged a minimum Administration Fee of \$50 per year (plus the Advisor Fee) or per Administration Fee Schedule (above), whichever is greater.

*Example: The average account value for the month for the Household is \$1,250,000. The monthly fee would be calculated as follows:*

*Monthly Redhawk Administration Fee: ((\$1,250,000 times 0.40%) divided by 12 = \$416.67.*

- (c) **Advisor Fee.** The Advisor Fee is included in the Client Fee and represents the remaining amount after the Redhawk Administration Fee is subtracted from the Client Fee.

Monthly Advisor Fee: (Client Fee) minus (Redhawk Administration Fee). (\$1,041.67 - \$416.67) = \$625.00.

**Held Away Accounts Open Investment Platform (“HOIP”)** - Redhawk’s annual administration fees for the HOIP are stated below and the Financial Advisor may charge a fee to their Client. The fees are fully disclosed in the investment management agreement and the annualized fee for administration services and Financial Advisor services will be charged as a percentage of household assets under management according to the schedule shown below. There is a minimum account requirement of \$2,500. The fees are automatically debited from the Client’s account monthly in arrears based on the average daily balance. There are no trading or transaction costs for individual stocks and ETFs. Client pays all transaction and trading costs for mutual funds.

- (a) **Client Fee.** The Client Fee includes the Redhawk Administration Fee and the Advisor’s advisory services fee as described below.

Household Assets	Annual Client Fee
Any	0 – 2.00%

*Example: Client is investing \$250,000 in a new HOIP Account and will have a total of \$1,250,000 in Household Assets (the \$1,250,000 includes the new account of \$250,000) at Redhawk. All household accounts are on the HOIP and the Client Fee is 1.00%*

*Monthly Client Fee: (\$1,250,000 times 1.00%) divided by 12 = \$1,041.67.*

- (b) **Annual Redhawk Administration Fee:**

Household Assets	Annual Redhawk Administration Fee
First \$1,000,000	0.15%
Next \$1,000,000	0.10%
Next \$1,000,000	0.09%
Next \$1,000,000	0.07%
Over \$4,000,000	0.05%

*Monthly Redhawk Administration Fee: ((first \$1,000,000 times 0.15%) plus (next \$1,00,000 times 0.10%) plus (next \$1,000,000 times 0.09%) plus (\$500,000 times 0.07%)) divided by 12. (\$1,500 + \$1,000 + \$900 + \$350) divided by 12 = \$312.50.*

**Standard Captive Insurance Company (“SCIC)** – Redhawk’s annual administration fees for the standard CIC account are stated below and the Financial Advisor may charge a fee to their Client. The fees are fully disclosed in the investment management agreement and the annualized fee for administration services and Financial Advisor services will be charged as a percentage of household assets under management according to the schedule shown below. There is a minimum account requirement of \$250,000. The fees are automatically debited from the Client’s account monthly in arrears based on the average daily balance. The Client pays for all trading and transaction fees.

CIC Account Assets	Annual Investment Manager Fee	Annual Financial Advisor Fee	Annual Total Investment Management Fee
First \$1,000,000	0.130%	0.870%	1.000%

Next \$1,000,000	0.120%	0.680%	0.800%
Next \$3,000,000	0.110%	0.590%	0.700%
Next \$5,000,000	0.100%	0.500%	0.600%
Over \$10,000,000	0.090%	0.410%	0.500%

*Example: Client has \$2,500,000 in a CIC Account and is part of a Household that has \$6,000,000 in total CIC Account Assets (the \$6M includes the Client's \$2.5M). The calculation below assumes there are no transactions during the month and that all the assets were in the account when the month started.*

*Monthly Fee Calculation (based on average daily balance):*

- *First Tier: (\$1,000,000 times 1.000%) divided by 12 = \$833.33.*
- *Second Tier: (\$1,000,000 times 0.8000%) divided by 12 = \$666.66.*
- *Third Tier: (\$500,000 times 0.7000%) divided by 12 = \$291.66.*
- *Total Investment Management Fee for the month: \$1,791.65.*

**ET Group of Companies Captive Insurance Company (“ECIC)** – ET Group of Companies is a firm that has established many CICs and have their own unique fee structure with Redhawk. Redhawk’s annual administration fees for the ET Group of Companies CIC account are stated below and the Financial Advisor may charge a fee to their Client. The fees are fully disclosed in the investment management agreement and the annualized fee for administration services and Financial Advisor services will be charged as a percentage of household assets under management according to the schedule shown below. There is a minimum account requirement of \$250,000. The fees are automatically debited from the Client’s account monthly in arrears based on the average daily balance. The Client pays for all trading and transaction fees.

<b>CIC Account Assets</b>	<b>Annual Investment Manager Fee</b>	<b>Annual Financial Advisor Fee</b>	<b>Annual Total Investment Management Fee</b>
\$250,000 or more	0.10%	0.40%	0.50%

*For a Client that has \$3,000,000 in CIC Account Assets the monthly fee calculation is as follows: (\$3,000,000 times 0.50%) divided by 12 = \$1,250.00.*

**403(b) and 457(b) Accounts** – Redhawk's annual fees for a 403(b) or 457(b) account services are based upon a percentage of assets under management. The fees are fully disclosed in the investment management agreement and the annualized fee for portfolio management services and Financial Advisor services will be charged as a percentage of household assets under management according to the schedule shown below. The fees are automatically debited from the Client’s account monthly in arrears based on the average daily balance. The Client does not pay for trading and transaction fees.

<b>Account Assets</b>	<b>Annual Investment Manager Fee</b>	<b>Annual Advisor Fee</b>	<b>Annual Total Investment Management Fee</b>
\$0 - \$499,999	0.875%	0.875%	1.75%

\$500,000 - \$999,999	0.750%	0.750%	1.50%
\$1,000,000 - \$4,999,999	0.625%	0.625%	1.25%
\$5,000,000 or more	0.500%	0.500%	1.00%

*Example: Client has \$550,000 in an Account.*

*Monthly Fee Calculation for Client: (\$550,000 times 1.50%) divided by 12 = \$687.50.*

### **Retirement Plans**

#### **ERISA 3(21) Investment advisor and 3(38) Investment Management Services**

The plan sponsor will pay or shall cause the plan to pay to Redhawk an annual fee for these services. The fee will be charged quarterly in arrears based on the plan's assets at the end of each calendar quarter or on a fixed fee basis. The plan sponsor can direct that these fees be charged to participant accounts or to be paid directly by the plan sponsor. The fee schedules are outlined below:

<b>3(21) Annual Fee</b>	<b>3(38) Annual Fee</b>
0.01% - 0.15%	0.03% - 0.25%

### **GENERAL INFORMATION**

***Termination of the Investment Advisory Relationship:*** Clients may terminate investment advisory services obtained from Redhawk, without penalty, upon written notice within five (5) business days after entering into the investment advisory agreement with Redhawk. Except for Wrap accounts, the Client is responsible for any fees and charges incurred by the Client from third parties as a result of maintaining the account such as transaction fees for any investment transactions executed and account maintenance or custodial fees. Thereafter, a Client agreement may be canceled at any time, by either party, for any reason upon receipt of thirty (30) days written notice.

***Mutual Fund and ETF Fees:*** All fees paid to Redhawk for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, redemption fees, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a Client may pay an initial or deferred sales charge as further described in the prospectus. A Client could invest in a mutual fund or ETF directly without Redhawk's services and in that case, the Client would not receive the services provided by Redhawk which are designed, among other things, to assist the Client in determining which mutual fund or ETF are most appropriate to each Client's financial condition and objectives. Accordingly, the Client should review both the fees charged by the funds, Redhawk's fees, and the Financial Advisor fees to fully understand the total amount of fees to be paid by the Client and to thereby evaluate the investment advisory services being provided.

***Additional Fees and Expenses:*** Clients are also responsible for the fees and expenses charged by custodians and imposed by broker-dealers, including, but not limited to, any trading charges, redemption fees, SEC fees, or transaction charges imposed by a broker-dealer with which an independent investment manager effects transaction for the Client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Household Fees:*** The investment management and Financial Advisor fees for wealth management Clients are based on all the accounts that pertain to all members of an immediate family or all related businesses of a company ("Household").

**Grandfathering of Minimum Account Requirements:** Clients are subject to Redhawk's minimum account requirements and investment advisory fees in effect at the time the Client entered the investment advisory relationship. Therefore, Redhawk's minimum account requirements will differ among Clients.

**Investment Advisory Fees in General:** Clients should note that similar investment advisory services may be available from other investment advisors for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances does Redhawk require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

**Limited Negotiability of Investment Advisory Fees:** Although Redhawk has established the fee schedule(s), Redhawk retains the right to negotiate alternative fees on a Client-by-Client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the Client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in an agreement between the Financial Advisor and each Client. Redhawk may group certain related Client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee. Discounts may be offered to family members and friends of associated persons of Redhawk.

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

Redhawk does not charge performance-based fees.

#### **Item 7 - Types of Clients**

Redhawk provides investment advisory services to the following types of Clients through Financial Advisors and a Client must have a minimum of \$1,000 to \$250,000 depending on the Portfolio:

- Individuals
- Trusts
- Estates
- Charitable organizations
- Foundations
- Endowments
- Retirement accounts
- Retirement plans
- Captive insurance companies
- Corporations or other businesses not listed above

At the Firm's discretion, Redhawk may make exceptions to the minimums.

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

##### **METHODS OF ANALYSIS**

Redhawk continuously monitors the performance of accounts managed by third-party money managers and will assume discretionary authority to hire or fire the money manager where such action is deemed appropriate and in the best interest of the client. Redhawk uses the following methods of analysis in formulating investment advice and/or managing Client assets.

Redhawk's Investment Committee ("RIC") meets on a weekly basis and operates under a formalized charter and set of policies and procedures outlined under the Redhawk Investment Provider Selection and Monitoring Methodology document. RIC is responsible for the selection, monitoring, and replacement of investments. Redhawk makes available to Clients investments that have varied investment philosophies and strategies that cover

fixed income, tactical managers, strategic allocation managers, and alternative investments encompassing a broad range of investment solutions.

**Frequency:** RIC is aware that the ongoing review and analysis of the investments is just as important as the initial selection. Investment performance will be monitored on a weekly basis, and it is at Redhawk's discretion to take corrective action by either terminating or replacing an investment if deemed appropriate at any time. RIC intends to evaluate investment performance from a long-term perspective and RIC makes available to Financial Advisors a communication that summarizes the opinions of the RIC for each investment offered to Clients.

**Selection Criteria:** RIC will use the information submitted by the investment company as required under the Redhawk Investment Provider Due Diligence Request for Information ("RFI") document. RIC will review the information and decide using various criteria.

**Monitoring:** The ongoing monitoring of investments is a regular and disciplined process. Monitoring confirms that the criteria remain satisfied and that an investment continues to be appropriate. The process of monitoring investment performance relative to specified guidelines will be consistently applied and frequent change of investments is neither expected nor desired. Monitoring will utilize some of the same selection criteria used in the selection analysis. Unusual, notable, or extraordinary events will be communicated to the Financial Advisor and Client on a timely basis. Examples of such events include investment manager or team departure, violation of investment guidelines, material litigation against the firm, or material changes in firm ownership structure and announcements thereof.

RIC has established performance objectives for each investment. Investment manager performance will be evaluated in terms of an appropriate market index (e.g., the S&P 500 Index for the large-cap domestic equity manager), the relevant benchmark, or peer group (e.g., the large-cap growth mutual fund universe for a large-cap growth mutual fund). RIC will exercise discretion and reasonable judgment in the monitoring process. In fulfilling RIC's ongoing duty, certain indicators have been selected to assist in determining whether a particular investment remains a suitable investment.

The main purpose of this communication is to provide you with valuable information on our investment monitoring process for the investments approved on the Redhawk investment platforms. Each month, Redhawk scores the investments by reviewing several key criteria for each investment. Below is a summary of our monitoring criteria.

1. **Approved (green)**

The investment has been approved by the committee without any restrictions other than a minimum account balance and suitability.

2. **Watch List (yellow)**

The investment can be placed on the watch list for any of the criteria listed below:

- a. The investment has scored in the replacement watch or the replacement zone for the first time.
- b. The investment significantly underperforms without a justifiable rationale.
- c. The investment fails to achieve performance and risk objectives.
- d. The investment fails to maintain a consistent investment style.
- e. The investment, or the organization managing the investment, has a material change in the organization, investment philosophy, and/or personnel.
- f. The investment, or the organization managing the investment, is subject to any legal, Securities and Exchange Commission (SEC), and/or other regulatory agency proceedings.

3. **Restricted List (red)**

Once the investment has been placed on the watch list, the following restrictions can be placed on the investment.

- a. No restrictions.
- b. No new money restrictions:
  - i. The investment has scored in the replacement watch or replacement zone the last 3 months in a row.
  - ii. The investment has scored in the replacement watch or replacement zone more than the last 3 months in a row and has a Redhawk score of less than 5.

#### 4. **Termination or Replacement**

An investment can be replaced or terminated based on the following criteria.

- a. The investment scored in the replacement zone 4 months in a row and has a Redhawk score of less than 5.
- b. The Redhawk Investment Committee may also remove any investment at any time and for whatever reason it deems appropriate.

### **MUTUAL FUND DISCLOSURE**

Redhawk may include mutual funds and exchange traded funds, (“ETFs”) in its investment strategies. Redhawk policy is to purchase institutional share classes of those mutual funds selected for the Client’s portfolio. The institutional share class generally has the lowest expense ratio. The expense ratio is the annual fee that all mutual funds or ETFs charge their shareholders. It expresses the percentage of assets deducted each fiscal year for funds expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Some fund families offer different classes of the same fund and one share class may have a lower expense ratio than another share class. These expenses come from Client assets which could impact the client’s account performance. Mutual fund expense ratios are in addition to our fee, and Redhawk does not receive any portion of these charges. If an institutional share class is not available for the mutual fund selected, the least expensive share class available for the mutual fund will be purchased. As share classes with lower expense ratios become available, Redhawk may use them in the Client’s portfolio, and/or convert the existing mutual fund position to the lower cost share class. Clients who transfer mutual funds into their accounts with Redhawk would bear the expense of any contingent or deferred sales loads incurred upon selling the product. If a mutual fund has a frequent trading policy, the policy can limit a Client’s transactions in shares of the fund (e.g., for rebalancing, liquidations, deposits or tax harvesting). All mutual fund expenses and fees are disclosed in the respective mutual fund prospectus.

#### **Non-Transaction Fee (NTF) Mutual Funds**

When selecting investments for Clients’ portfolios we might choose mutual funds on your account custodian’s Non-Transaction Fee (NTF) list. This means that the account custodian will not charge a transaction fee or commission associated with the purchase or sale of the mutual fund.

The mutual fund companies that choose to participate in the custodian’s NTF fund program pay a fee to be included in the NTF program. The fee that a mutual fund company pays to participate in the program is ultimately borne by the owners of the mutual fund including clients of Redhawk. Redhawk considers the expected holding period of the fund, the position size, and the expense ratio of the fund versus alternative funds when selecting a fund from the custodian’s list. Depending the analysis and future events, NTF funds might not always be in your best interest.

### **INVESTMENT STRATEGIES**

Redhawk has agreements in place with investment companies and third-party money managers that have different investment philosophies in order to offer a full array of investments to Clients. The investment strategies need to be appropriate to the needs of the Client and consistent with the Client's investment objectives, risk tolerance, and time horizons, among other considerations. The investments available cover the following investment strategies:

#### ***Fixed Income Management***

Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. Individual bonds may be the best-known type of fixed income security, but the category also includes bond mutual funds, ETFs, CDs, and money market funds.

### ***Tactical Asset Allocation Management***

An active management portfolio strategy that rebalances the percentage of assets held in various categories in order to take advantage of market pricing anomalies or strong market sectors. This strategy allows portfolio managers to create extra value by taking advantage of certain situations in the marketplace. It is an active strategy since the investment manager may return to the portfolio's original strategic asset mix when desired short-term profits are achieved. The investment manager may use fundamental, technical, and/or macroeconomic analysis in determining when and how to change the investments in the portfolio.

### ***Strategic Asset Allocation Management***

A passive portfolio strategy that involves periodically rebalancing the portfolio in order to maintain a long-term goal for asset allocation. At the inception of the portfolio, a target allocation is established based on expected returns. Because the value of assets can change given market conditions, the portfolio constantly needs to be re-adjusted to meet the policy. Asset allocation is an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame.

### ***Alternative Investments***

An investment that is not one of the three traditional asset types (stocks, bonds, and cash). Alternative investments include hedge funds, managed futures, real estate, structured products, commodities, and derivatives contracts. Alternative investments typically have a low correlation with those of standard asset classes.

## **RISKS**

The strategies and investments may have unique and significant tax implications. Redhawk strongly recommends that Clients continuously consult with a tax professional prior to and throughout the investing of Client assets. Investing in securities involves risk of loss that Clients should be prepared to bear. Although investments are selected in a manner consistent with Client's risk tolerances, there can be no guarantee that the investments will be successful. Clients should be prepared to bear the risk of loss.

All investments involve the risk of loss, including (among other things) loss of principal, a reduction in earnings (including interest, dividends, and other distributions), and the loss of future earnings. These risks include market risk, interest rate risk, issuer risk, and general economic risk. Regardless of the methods of analysis or strategies suggested for Clients particular investment goals, Clients should carefully consider these risks, as they all bear risks.

- **Interest-rate Risk:** Fluctuations in interest rates may cause security prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their prices to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's underlying circumstances. For example, political, economic, and social conditions may trigger market events.
- **Concentration Risk:** A portfolio that is less diversified across countries, geographic regions, sectors, or industries is generally riskier than more diversified portfolios. A portfolio that focuses on a single country, or a specific region, sector or industry, is more exposed to that country's, regions, sector's or industry's economic cycles, stock market valuations and political risks, among others, compared with a more diversified portfolio. The economies and financial

markets of certain regions can be interdependent and may be adversely affected by the same events.

- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Issuer Risk:** A portfolio's performance depends on the performance of individual securities to which the portfolio has exposure. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline or become worthless.
- **Currency Risk:** Overseas investments, even if made by domestically based companies, are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Income Risk:** A portfolio's income may decline when interest rates decrease. During periods of falling interest rates an issuer may be able to repay principal prior to the security's maturity ("prepayment"), causing the portfolio to have to reinvest in securities with a lower yield, resulting in a decline in the portfolio's income.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Credit/Default Risk:** Debt issuers and other counterparties of fixed income securities or instruments may default on their obligation to pay interest, repay principal or make a margin payment, or default on any other obligation.
- **U.S. Economic Risk:** The United States is a significant trading partner with other countries. Certain changes in the U.S. economy may have an adverse effect on the economy and markets of other countries.
- **Options** - Certain types of option trading are permitted in order to generate income or hedge a security held in the program account; namely, the selling (writing) of covered call options or the purchasing of put options on a security held in the program account. Client should be aware that the use of options involves additional risks. The risks of covered call writing include the potential for the market to rise sharply. In such case, the security may be called away and the program account will no longer hold the security. The risk of buying long puts is limited to the loss of the premium paid for the purchase of the put if the option is not exercised or otherwise sold by the program account.
- **Alternative Risk** - Investments classified as "alternative investments" may include a broad range of underlying assets including, but not limited to, hedge funds, private equity, venture capital, and registered, publicly traded securities. Alternative investments are speculative, not suitable for all clients, and intended for only experienced and sophisticated investors who are willing to bear the high risk of the investment, which can include: loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative investment practices; lack of liquidity in that there may be no secondary market for the fund and none expected to develop; volatility of returns; potential for restrictions on transferring interest in

the fund; potential lack of diversification and resulting higher risk due to concentration of trading authority with a single advisor; absence of information regarding valuations and pricing; potential for delays in tax reporting; less regulation and typically higher fees than other investment options such as mutual funds. The SEC requires investors be accredited to invest in these more speculative alternative investments. Investing in a fund that concentrates its investments in a few holdings may involve heightened risk and result in greater price volatility.

- **Structured Notes** - Structured products are designed to facilitate highly customized risk-return objectives. While structured products come in many different forms, they typically consist of a debt security that is structured to make interest and principal payments based upon various assets, rates, or formulas. Many structured products include an embedded derivative component. Structured products may be structured in the form of a security, in which case these products may receive benefits provided under federal securities law, or they may be cast as derivatives, in which case they are offered in the over-the-counter market and are subject to no regulation. Investment in structured products includes significant risks, including valuation, liquidity, price, credit, and market risks. One common risk associated with structured products is a relative lack of liquidity due to the highly customized nature of the investment. Moreover, the full extent of returns from the complex performance features is often not realized until maturity. As such, structured products tend to be more of a buy-and-hold investment decision rather than a means of getting in and out of a position with speed and efficiency. Another risk with structured products is the credit quality of the issuer. Although the cash flows are derived from other sources, the products themselves are legally considered to be the issuing financial institution's liabilities. The vast majority of structured products are from high-investment-grade issuers only. Also, there is a lack of pricing transparency. There is no uniform standard for pricing, making it harder to compare the net-of-pricing attractiveness of alternative structured product offerings than it is, for instance, to compare the net expense ratios of different mutual funds or commissions among broker-dealers.
- **Cybersecurity Risk** - In addition to the Material Risks listed above, investing involves various operational and "cybersecurity" risks. These risks include both intentional and unintentional events at Redhawk or one of its third-party counterparties or service providers, that may result in a loss or corruption of data, result in the unauthorized release or other misuse of confidential information, and generally compromise Redhawk's ability to conduct its business. A cybersecurity breach may also result in a third-party obtaining unauthorized access to our clients' information, including social security numbers, home addresses, account numbers, account balances, and account holdings. Redhawk has established business continuity plans and risk management systems designed to reduce the risks associated with cybersecurity breaches. However, there are inherent limitations in these plans and systems, including that certain risks may not have been identified, in large part because different or unknown threats may emerge in the future. As such, there is no guarantee that such efforts will succeed, especially because Redhawk does not directly control the cybersecurity systems of our third-party service providers. There is also a risk that cybersecurity breaches may not be detected.

#### **Item 9 - Disciplinary Information**

Redhawk is required to disclose any legal or disciplinary events that are material to a Client's or prospective Client's evaluation of Redhawk's investment advisory business or the integrity of Redhawk's management. Redhawk's management personnel have no reportable disciplinary events to disclose.

#### **Item 10 - Other Financial Industry Activities and Affiliations**

Redhawk always endeavors to put the best interest of its Clients first as part of Redhawk's fiduciary duty as a registered investment advisor; Redhawk takes the following steps to address this:

- Disclose to Clients the existence of all material conflicts of interest, including the potential for Redhawk and Redhawk employees to earn compensation from investment advisory Clients in addition to Redhawk's investment advisory fees;
- Disclose to Clients that they are not obligated to purchase recommended investment products from Redhawk employees or Redhawk affiliated companies;
- Collect, maintain and document accurate, complete and relevant Client background information, including the Client's financial goals, objectives and risk tolerance; Redhawk's management conducts regular reviews of each Client account to verify that all recommendations made are in the best interest of the Client;
- Require that Redhawk employees seek prior approval of any outside employment activity so that Redhawk may ensure that any conflicts of interests in such activities are properly addressed;
- Periodically monitor outside employment activities to verify that any conflicts of interest continue to be properly addressed by Redhawk; and
- Educate Redhawk employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to Clients.

Management personnel of Redhawk and Financial Advisors affiliated with Redhawk may act as agents for various insurance companies. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of investment advisory Clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of investment advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the Client.

#### **Broker Dealer**

Certain IARs of Redhawk are registered representatives of Southeast Securities, LLC ("Southeast"), and KDC Financial ("KDC"), both FINRA-registered broker-dealers and members of SIPC and will be compensated for effecting securities transactions or providing advisory services. A portion of the time of these IARs is spent in connection with broker/dealer activities.

As a broker-dealer, these firms engage in a broad range of activities normally associated with securities brokerage firms. Pursuant to the investment advice given by our Firm or its IARs, investments in securities may be recommended for clients. If Southwest or KDC are selected as the broker-dealer, the broker-dealer and its registered representatives, including IARs of Redhawk, will receive commissions for executing securities transactions.

If Southeast or KDC are selected as the broker-dealer, the transaction charges may be higher or lower than the charges you may pay if the transactions were executed at other broker/dealers. You should note, however, that you are under no obligation to purchase securities through IARs of Redhawk or these broker/dealers.

Redhawk may provide advice regarding investment company securities. You should be aware that, in addition to the advisory fees you pay in connection with any of Redhawk's program, each investment company also pays its own separate investment advisory fees and other expenses. Such fees and expenses are disclosed in the mutual fund's prospectus. In addition, clients should be aware that mutual funds may be purchased separately, in-dependent of the investment management services of Redhawk.

Moreover, you should note that under the rules and regulations of FINRA, Southeast and KDC have an obligation to maintain certain client records and perform other functions regarding certain aspects of the investment advisory activities of its registered representatives. These obligations require Southeast and KDC to coordinate with and have the cooperation of its registered representatives that operate as, or are otherwise associated with, investment advisers other than Southeast or KDC.

Certain IARs of Redhawk may, in their capacity as registered representatives of Southeast and KDCs, or as agents appointed with various life, disability or other insurance companies, receive commissions and/or other

compensation from the respective product sponsors and/or as a result of effecting securities transactions for clients. Clients should note that they are under no obligation to purchase any investment products through Redhawk or its IARs.

Clients should be aware that the ability to receive additional compensation by Redhawk and its management persons or employees creates conflicts of interest that impair the objectivity of Redhawk and these individuals when making advisory recommendations. Redhawk endeavors always to put the interest of its clients first as part of its fiduciary duty as a registered investment advisor and take the following steps, among others, to address this conflict:

- Redhawk discloses to clients the existence of all material conflicts of interest, including the potential for Redhawk and its employees to earn compensation from advisory clients in addition to Redhawk's advisory fees.
- Redhawk discloses to clients that they have the right to decide to purchase recommended investment products from its employees.
- Redhawk collects, maintains, and documents accurate, complete and relevant client background information, including the client's financial goals, objectives, and liquidity needs.
- Redhawk conducts regular reviews of each client advisory account to verify that all recommendations made to a client are in the best interest of the client's needs and circumstances.
- Redhawk requires that its employees seek prior approval of any outside employment activity so that Redhawk may ensure that any conflicts of interests in such activities are properly addressed.
- Redhawk periodically monitors these outside employment activities to verify that any conflicts of interest continue to be properly addressed by Redhawk.
- Redhawk educates its employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

Redhawk does not have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

Additionally, management personnel of Redhawk and Financial Advisors affiliated with Redhawk may engage in outside business activities. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of investment advisory Clients. Again, Clients are not under any obligation to engage these individuals when considering implementation of these outside recommendations. The implementation of any or all recommendations is solely at the discretion of the Client.

An owner of Redhawk is also an IAR and owner of an unaffiliated registered investment adviser, Associated Retirement Planners ("ARP"). ARP refers business to Redhawk and uses Redhawk's portfolios for investment management of ARP clients. ARP and Redhawk are committed to always act in its clients' best interest. Both firms have adopted policies and procedures designed to ensure that it is always acting in the best interests of a client and to mitigate any conflicts of interest.

Lastly, management personnel of Redhawk and Financial Advisors affiliated with Redhawk, may engage in outside business activities as business services consultants assisting businesses in providing payroll, human resource management, accountant, tax preparer and other business services. As such, these individuals can receive separate, yet customary commission compensation resulting from implementing these services. Again, Clients are not under any obligation to engage these individuals when considering implementation of these outside services. The implementation of any or all recommendations is solely at the discretion of the Client.

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

Redhawk has adopted a Code of Ethics which sets forth high ethical standards of business conduct that Redhawk require of its employees and is compliant with applicable federal securities laws.

Redhawk and its personnel owe a duty of loyalty, fairness, and good faith towards Clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code. Redhawk's Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, Redhawk's Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Redhawk's Code of Ethics also provides for oversight, enforcement, and recordkeeping provisions.

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

You may request a copy by sending an email to [support@redhawkwa.com](mailto:support@redhawkwa.com), or by calling Redhawk at 888-835-4295.

### **Item 12 - Brokerage Practices**

Redhawk does not have any soft-dollar arrangements and does not receive any soft-dollar benefits. Redhawk utilizes independent qualified custodians that include custody of securities, trade execution, clearance, and settlement of transactions. Redhawk requires that Clients provide written authority to determine the broker-dealer to use and the commission costs that will be charged to Clients for these transactions. Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to Redhawk in writing. As a matter of policy and practice, Redhawk generally does block Client trades for the purpose of trade execution. However, certain Client trades may be executed before others and at a different price. Using Redhawk's institutional trading platform, Clients may not receive volume discounts.

### **Item 13 - Review of Accounts**

While the underlying securities within Clients' accounts are continually monitored, these accounts are reviewed at least annually by the Client's Financial Advisor. Accounts are reviewed in the context of the investment objectives and guidelines of each investment, the risk score, as well as any investment restrictions provided by the Client. More frequent reviews may be triggered by material changes in variables such as the Client's individual circumstances, or the market, political or economic environment. These Client account reviews are conducted by the Financial Advisor and submitted to Redhawk's Chief Compliance Officer for review.

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Clients receive from their custodian, Redhawk provides quarterly reports summarizing account performance and balances. These reports will also remind the Client to notify Redhawk if there have been changes in the Client's financial situation or investment objectives and whether the Client wishes to impose investment restrictions or modify existing restrictions.

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

Redhawk has entered into arrangements with independent third-parties such as other financial advisors, broker-dealers, or their representatives whereby Redhawk compensate the independent third parties, Financial Advisors, broker-dealers, or their representatives as summarized below, and the specifics of the arrangements are defined in an agreement between Redhawk and the party. Where applicable, the parties will comply with SEC Rule 206(4)-3 under the Investment Advisers Act of 1940 with respect to Solicitor Referral Arrangements.

- 1. Brokers International, LTD ("BI")**
- 2. Lafayette Life Insurance Company ("Lafayette")**

Redhawk also refers clients to Third-Party Money Managers ("TPMM"). TPMM will be paid an on-going fee by based upon a percentage of Client assets under management with respect to each TPMM. The Client will receive disclosure of all fees paid to Redhawk by the TPMM, which include the terms of the compensation arrangement

and a description of the compensation paid, at the time of signing an advisory agreement directly with the TPMM and/or Redhawk.

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

Any Financial Advisor having custody or access to customer funds or securities must comply with certain rules and regulations designed to protect the Clients' assets. Rule 206(4)-2 of the Investment Advisers Act of 1940 details strict requirements governing investment advisors that have "custody" over Client securities or funds. Redhawk meets the definition of having custody by being able to directly debit fees from Client accounts.

Redhawk does not have the authority to wire money without a Client's authorization and signature. Redhawk does not have physical custody of any Client funds and/or securities. Client funds and securities will be held with a bank, broker dealer, or other independent qualified custodian. Clients will receive account statements from the independent, qualified custodian holding their funds at least quarterly. The account statement from Client's custodian will indicate the amount of investment advisory fees and Financial Advisor fees deducted from account(s) each billing cycle. Clients should carefully review statements received from the custodian. In addition to the statements that Clients receive directly from their custodian, Redhawk also sends performance statements directly to Clients on a quarterly basis. Redhawk urges Clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

#### **Item 16 - Investment Discretion**

Clients may hire Redhawk to provide discretionary investment management services, in which case Redhawk places trades in a Client's account without contacting the Client prior to each trade to obtain the Client's permission. Redhawk's discretionary authority includes the ability to do the following without contacting the Client to:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell; and/or
- Determine which third-party money manager(s) to hire or fire.

Clients give Redhawk discretionary authority when they sign a discretionary agreement with Redhawk and may limit this authority by giving Redhawk written instructions. Clients may also change/amend such limitations by once again providing Redhawk with written instructions. Redhawk requires written authority to determine which securities and the amounts of securities that are bought or sold in a Client's account.

#### **Item 17 - Voting Client Securities**

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

#### **Item 18 - Financial Information**

Under no circumstances does Redhawk require or solicit payment of fees in excess of \$1,200 per Client more than six months in advance of services rendered. Therefore, Redhawk is not required to include a financial statement. As an investment advisory firm that maintains discretionary authority for Client accounts, Redhawk is also required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual obligations. Redhawk has no additional financial circumstances to report. Redhawk has not been the subject of a bankruptcy petition at any time during the past ten years.