



Form ADV 2A Appendix 1 Wrap Fee Brochure

VestAdvisor Select[®] and *VestStrategist*[™] Programs

December 1, 2018

SEC File No. 801 - 29892
HD Vest Advisory Services[®]

This Form ADV 2A, Appendix 1 Wrap Fee Brochure provides information about the qualifications and business practices of HD Vest Advisory Services, Inc. ("HDVAS") which uses the trade name HD Vest Advisory Services[®]. If you have any questions about the contents of this brochure, please contact us at (972) 870-6000. This information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about HD Vest Advisory Services is also available at www.adviserinfo.sec.gov. Please note that registration as an investment adviser is required by securities laws, and does not imply a certain level of skill or training.

You should review this brochure and consider its contents before investing in a program offered by or through HDVAS.

Securities offered through HD Vest Investment Services[®], Member FINRA/SIPC, Advisory services offered through HD Vest Advisory Services[®], 6333 N. State Highway 161, Fourth Floor, Irving, TX 75038, 972-870-6000. *Brokerage account(s) carried with National Financial Services LLC, Member NYSE, SIPC, a Fidelity Investments[®] Company.

Item 2: Summary of Material Changes

The following items changed since our previous Form ADV dated September 20, 2018:

1. **Restricted Equity Awards to Certain Advisors.** In 2019, HDVAS will award restricted stock units in its ultimate parent company, Blucora, Inc. (Nasdaq: BCOR), to 50 Advisors who achieve the highest dollar amount of advisory net flow over the period October 2018 through September 2019.
2. **Expense Sharing Arrangements** include products in addition to mutual funds, such as exchange-traded funds (ETFs). A new Educational Partner, Wisdom Tree, was also added.

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ITEM 4 Services, Fees and Compensation

Background Information

HD Vest Advisory Services (“HDVAS”) was established in 1987 and is a wholly-owned subsidiary of HD Vest, Inc. HDVAS is an indirect subsidiary of Blucora, Inc., a publicly traded company (Nasdaq: BCOR). HDVAS is registered with the U.S. Securities and Exchange Commission (“SEC”) as an investment adviser and was created to offer ongoing consultative investment management services through investment advisory programs designed to help our Clients meet their financial objectives.

HDVAS is an affiliate of HD Vest Investment Services, Inc. (“HDVIS”), a broker-dealer registered with the SEC and a FINRA member firm. HDVIS generally provides brokerage, custody and execution services through a clearing arrangement with National Financial Services LLC (“NFS”), a non-affiliated firm and member NYSE, SIPC, and a Fidelity Investments® Company. Your Advisory Consultant may be affiliated with both HDVAS and HDVIS for the purpose of offering you a broader range of financial services.

Depending on factors such as your Advisory Consultant’s licensing there are restrictions in the programs and types of investments that can be offered to you. In addition, an Advisory Consultant can elect not to offer certain programs based on subjective and objective factors including their investment philosophy or individual professional preferences. HDVAS’s and its Advisory Consultants’ investment advice is tailored to clients’ individual needs and limitations may be placed on trading restrictions requested by clients.

This Wrap Fee Brochure contains information about the following managed account programs:

- *VestAdvisor Select*®
- *VestStrategist*™
- Each a “Program”

***VestAdvisor Select* Program Services**

VestAdvisor Select is a discretionary wrap fee program offering investment advice, trading, custodial services and reporting under one all-inclusive Program Fee. The Program is offered by HDVAS and made available by our selected platform manager, Envestnet Asset Management Inc. (“Envestnet”), an unaffiliated investment adviser registered under the Advisers Act. You will be required to open a brokerage account with HDVAS’s chosen Custodian (National Financial Services LLC, member NYSE and SIPC, a Fidelity Investments® Company) to participate in the *VestAdvisor Select* Program, and all trades will be referred to HDVIS, our affiliated broker-dealer under common ownership, for execution and confirmation. A conflict of interest exists since HDVIS can receive compensation on some transactions.

The Program offers the Portfolio Manager the ability to purchase mutual funds and exchange-traded funds or products (“ETFs”) otherwise called “Approved Securities” for your *VestAdvisor Select* Account. It is designed for individuals and businesses with investment accounts with at least \$25,000 or more of Approved Securities, although exceptions to the minimum qualifications may be made at the sole discretion of HDVAS. The *VestAdvisor Select* Program is designed to help you pursue your investment goals and needs as communicated to your Advisory Consultant.

HDVAS will serve as the sole portfolio manager (“Select Portfolio Manager”) for your *VestAdvisor Select* Account. HDVAS, its Chief Investment Strategist and team will evaluate quantitative and qualitative aspects of the universe of mutual funds and ETFs during their due diligence process. For *VestAdvisor Select*, Envestnet has entered into a licensing agreement with HDVAS, whereby Envestnet performs administrative and/or trade order implementation duties pursuant to the direction of the Select Portfolio Manager.

***VestStrategist*™ Program Services**

VestStrategist™ is a discretionary wrap fee program offering investment advice, trading, custodial services and reporting under one all-inclusive Program Fee. *VestStrategist* is offered by HDVAS and made available by our selected platform manager, Envestnet Asset Management Inc. (“Envestnet”), an unaffiliated investment adviser registered under the Advisers Act. You will be required to open a brokerage account with HDVAS’s chosen Custodian (National Financial Services LLC, member NYSE and SIPC, a Fidelity Investments® Company) to participate in *VestStrategist*, and all trades will be referred to HDVIS, our affiliated broker-dealer under common ownership, for execution and confirmation. A conflict of interest exists since HDVIS can receive compensation on some transactions.

VestStrategist offers clients access to actively managed investment portfolios from a selection of independent asset managers (each a “Sub-Manager”) from a variety of disciplines. Unlike a mutual fund, where the funds are commingled, a unified managed account (“UMA”) is a portfolio of individually owned securities built based upon the model portfolios of the Sub-Managers as allocated by the Client and Advisory Consultant based upon the Client’s investing preferences. Envestnet retains the Sub-Managers for portfolio management services in connection with the UMA program through separate agreements entered into between Envestnet and the Sub-Manager on terms and conditions that Envestnet deems appropriate. Envestnet oversees execution of trades. Sub-Managers have minimum account sizes for these model portfolios that vary but are usually between \$40,000 and \$500,000.

In *VestStrategist*, the Sub-Managers chosen by Client and Advisory Consultant have discretion over their allocation of assets within the Account. Advisory Consultant and HDVAS do not have trading discretion over the Account but will have the discretionary authority to change allocations to selected Sub-Managers and hire or fire Sub-Managers with verbal authorization from the Client. Changes to allocations between Sub-Managers as well changes in Sub-Managers selected for the Client’s Account must still remain within the Client’s stated risk tolerance on the SIS. Advisory Consultants will not have access to all Sub-Managers available in the various offerings on Envestnet, and some Advisory Consultants will have more limited offerings than others at HDVAS’s choice.

Offerings within *VestStrategist* Program

Client-Directed Unified Managed Account (UMA). Client is offered a single portfolio that accesses multiple Sub-Managers, representing various asset classes and investment strategies, that is customized after consultation with Advisory Consultant. This investment strategy delivers the benefits of combining traditional separately managed accounts, mutual funds, and ETFs in a single diversified portfolio. The Advisory Consultant provides Client with recommendations regarding the appropriate asset allocation and the underlying investment vehicles or Investment Strategies to meet the Client’s objectives, but for the initial account opening, the Client is directing the selection of Investment Strategy and Sub-Manager. Modifications to the allocations between Sub-Managers and /or changes in Sub-Managers selected for the Client’s Account must still remain within the Client’s stated risk tolerance on the SIS. Envestnet provides overlay management services for UMA accounts and implements trade orders based on the directions of the investment strategies contained in the UMA portfolio. The UMA model approach

allows the Advisory Consultant and Client to customize the models as allowed by Envestnet's trading platform. This allows the Advisory Consultant to optimize withdrawals and to do tax harvesting. Fixed income UMA models must be held in a separate account and not combined with equity accounts. This is a trading platform restriction.

Separately Managed Account Program (SMA). The Separately Managed Accounts program provides individual investors with direct access to global investment managers, many of whom were once available exclusively to large institutional investors. With a separately managed account, clients enjoy direct ownership of the securities in the portfolio. This allows for greater flexibility, more control, and possible tax advantages over other investment vehicles. The SMA solution is ideal for clients seeking a long-term, customized approach to investment planning. For clients selecting the SMA program, the Client is offered access to an actively managed investment portfolio chosen from a roster of independent asset managers (each a "Sub-Manager") from a variety of disciplines. Unlike a mutual fund, where the funds are commingled, a separately managed account is a portfolio of individually owned securities that can be tailored to fit the Client's investing preferences. Envestnet retains the Sub-Managers for portfolio management services in connection with the SMA program through separate agreements entered into between Envestnet and the Sub-Manager on terms and conditions that Envestnet deems appropriate. For certain Sub-Managers, Envestnet has entered into a licensing agreement with the Sub-Manager, whereby Envestnet performs administrative and/or trade order implementation duties pursuant to the direction of the Sub-Manager.

Fund Strategist Portfolios (FSP). Third-Party Fund Strategist Portfolios offer individual investors actively managed portfolios made available on the Envestnet platform. Portfolios consist solely of mutual funds or ETFs or combine both types of funds to pursue different investment strategies and asset class exposures. Pursuant to a licensing agreement entered into with the asset manager, Envestnet provides overlay management of the portfolios and performs administrative and trade order implementations duties pursuant to the direction of the asset manager.

Many of the asset managers in the SMA program and the Third-Party Fund Strategist Program described above are accessed through the use of investment models ("Third Party Models"), whereby the asset manager, acting as a "Model Provider," constructs an asset allocation and selects the underlying investments for each portfolio. Envestnet performs overlay management of the Third Party Models by implementing trade orders, periodically updating and rebalancing Third Party Models pursuant to the direction of the Model Provider. Envestnet may, from time to time, replace existing Model Providers or hire others to create Third Party Models and cannot guarantee the continued availability of Third Party Models created by particular Model Providers.

In managing the Third Party Models, certain Model Providers may pursue an investment strategy that utilizes underlying mutual funds or exchange-traded funds advised by the Model Provider or its affiliate(s) ("Proprietary Funds"). In such situations, the Model Provider or its affiliate(s) may receive fees from the Proprietary Funds for serving as investment adviser or other service provider to the Proprietary Fund (as detailed in the Proprietary Fund's prospectus). These fees will be in addition to the management fees that a Model Provider receives for its ongoing management of the Third Party Models and creates a financial incentive for the Model Provider to utilize Proprietary Funds. Clients should discuss any questions with or request further information from their Advisory Consultant concerning the use of Proprietary Funds in Third Party Models or the conflict of interest this creates.

Portfolio Overlay. Envestnet also provides Third Party Model overlay services. The tax overlay and management services seek to consider tax implications that may detract from the Client's after-tax returns. The Socially Responsible Investing overlay screens integrate Environmental, Social and Governance (ESG) factors into the Client's investments. There may be an additional cost beyond the Program Fee for this service.

Tax-Overlay Management Services. If selected by the Client and Advisory Consultant, Envestnet will also provide tax overlay management services to an account or sleeve. Often these accounts will also receive overlay portfolio management services as described above. The end goal of tax overlay management services is to improve the after-tax return for the client while staying as consistent as possible with the risk/return characteristics provided by the model portfolios. Tax overlay management service are available only to U.S. clients. Neither Envestnet nor HDVAS provide general tax planning advice or services. There may be an additional cost beyond the Program Fee for this service.

Opening an Account. To participate in the Program, Advisory Consultant will gather information regarding your financial situation and assist you in completing the Statement of Investment Selection ("SIS") which will include questions about your risk tolerance and investment objectives (your "Client Profile"). The Agreement is part of the SIS and supplements this Wrap Fee Brochure. The Wrap Fee Brochure and SIS (including Agreement) are collectively referred to as "Related Documents". The Brokerage Client Agreement, the HD Vest Disclosures Packet and the Schedule of Fees are collectively referred to as the "Brokerage Agreement" and set forth the terms under which brokerage services are provided to you as part of your Agreement. (A partial list of the fees most applicable to your Program Account are included in Appendix 1.)

Programs are discretionary in nature, and the Agreement includes the applicable discretionary trading authorization giving HDVAS, the Advisory Consultant, Envestnet and/or Sub-Manager the required authorization, as applicable. Programs are not designed for client-directed trading, and if this is your preference, other options should be considered.

HDVAS, Sub-Manager (if applicable), Envestnet and your Advisory Consultant rely on the information you provide to Advisory Consultant in your Client Profile, and accordingly it is important that you keep that information current. You have an ongoing obligation to notify your Advisory Consultant if there are any changes to your financial situation or the information provided in the Client Profile. You must also inform your Advisory Consultant if there is other information not reflected on the SIS that is relevant to assessing your financial situation, investment objectives or risk tolerance (for example, anticipated large expenditures in the future or short-term cash needs). Your Advisory Consultant will update your Client Profile with HDVAS, Sub-Manager, NFS and Envestnet, as applicable.

Program Services

HDVAS, Advisory Consultant, Sub-Manager and Envestnet provide certain services to Program Accounts. These services listed below are not an exhaustive list.

Provided by Advisory Consultant:

- Educate clients on the features of a fee-based investment management strategy
- Gather data to be used in the preparation and implementation of the investment portfolio
- Assist clients with the completion of the SIS
- Present the selected Model Program based on the information you provided
- Complete required paperwork

- Answer questions regarding your Account or the Program
- Deliver Quarterly Performance Reports
- Review your investment objectives, trading activity, and Model Program selection
- Review and make adjustments to allocations between Sub-Managers as needed
- Review and make changes to selected Sub-Managers as needed
- Meet with Client at least annually, and
- Evaluate the ongoing suitability of the Account.

Provided by HDVAS for *Vest Advisor Select* and *VestStrategist* Accounts:

- Open Account upon receipt of paperwork
- Provide Quarterly Performance Reports to Advisory Consultant
- Calculate and collect the Program Fee
- Facilitate disbursement requests and performing administrative and middle office functions
- Maintain registrations of HDVAS and Advisory Consultants with the SEC and state securities regulators
- Prepare and update required registration forms, disclosure forms and this Wrap Fee Brochure
- Supervise investment activities of Advisory Consultants conducted through HDVAS, and
- Arrange for execution of trades and custody of assets in your Account.

Provided by HDVAS for *Vest Advisor Select* Accounts:

- Develop and maintain Model Portfolios
- Review Client requests for Reasonable Restrictions
- Rebalance and trade as needed in Account, and
- Due diligence on Approved Securities and maintain Approved and Unapproved Securities lists.

Provided by Sub-Manager for *VestStrategist* Accounts:

- Create the model portfolios
- Due diligence on selected securities
- Review of Client requests for trading restrictions
- Vote proxies for Accounts in Program (unless specifically requested by Client that authority remains with Client), and
- Update models as appropriate.

Provided by Envestnet for *VestStrategist* Accounts:

- Evaluate of asset managers and investment vehicles on behalf of HDVAS
- Monitor individual asset manager's performance and management for "Approved" investment strategies
- Provide access to automated tools that assist in the review of Client accounts to ensure adherence to policy guidelines and asset allocation
- Provide recommendations for account rebalancing, if necessary
- Provide online reporting of Client account's performance and progress
- Fully integrate back office support systems to HDVAS, including interfacing with HDVAS's Custodian for trade order placement
- Perform billing calculations
- Trade and rebalance as needed
- Review and acceptance of new accounts, and
- Provide performance reporting.¹

Provided by Envestnet for *VestAdvisor Select* Accounts:

- Provide access to automated tools that assist in the review of Client accounts to ensure adherence to policy guidelines and asset allocation
- Provide recommendations for account rebalancing, if necessary
- Provide online reporting of Client account's performance and progress
- Fully integrate back office support systems to HDVAS, including interfacing with HDVAS's Custodian for trade order placement
- Perform billing calculations
- Vote proxies for Accounts in Program (unless specifically requested by Client that authority remains with Client)
- Facilitate disbursement requests and performing administrative and middle office functions, and
- Provide performance reporting.¹

HDVAS will, in its sole discretion, delegate or contract with third parties for the performance of all or a portion of the services provided to clients participating under Programs, including without limitation the authority to determine the securities to be purchased, held and sold for client accounts, calculation of performance history, preparation of quarterly performance reports, billing calculations, and the implementation of securities trading decisions, to one or more affiliated or unaffiliated third parties.

Rebalancing

Programs offer rebalancing and reviews will occur at least annually. *VestAdvisor Select* Accounts will be reviewed for rebalancing each quarter while *VestStrategist* Accounts are rebalanced based on Sub-Manager's philosophy. In addition, Envestnet will rebalance *VestAdvisor Select* Accounts if market fluctuations, withdrawals or additional deposits cause your Account to deviate more than a pre-determined amount set by HDVAS for the model linked to your Account. HDVAS will have the option of rebalancing to the model or making other adjustments as needed. Rebalancing will often not occur more than once per year (and sometimes not even then) for *VestAdvisor Select* Accounts. For *VestStrategist*, see Sub-Manager's Wrap Fee Brochure.

¹ Envestnet will replace current HDVAS provider in mid-2019.

Quarterly Performance Reports

HDVAS will provide Quarterly Performance Reports (“QPRs”) for your Accounts in Programs to your Advisory Consultant who will then make them available to you. Individual or Related Accounts with a total market value equal to or less than \$500 will not receive a QPR. Some clients may elect electronic delivery of their QPRs through an electronic client portal. The pricing and performance figures included in the QPR are believed to be accurate but are not guaranteed. Performance calculations are reported using a time-weighted rate of return, a method of calculating portfolio performance. Returns shown are after fees are deducted (*i.e.*, net of fees) and include the impact of dividends or capital gains in the calculations. Regarding fixed income, an accrual accounting method is used for billing and performance reporting for interest payments that have been accrued but not yet paid within the period. Regarding mutual funds and equities, a cash accounting method is used for billing and performance reporting, and therefore does not reflect dividends that have been declared but not yet paid within the period. These methods differ only in the timing of when transactions (*i.e.*, dividends and interest payments) are credited to your Account. The timing difference may result in an increase or decrease in the performance of your Account or the amount billed to your Account.

In addition to the QPRs, the Custodian delivers monthly statements to the address of record for every month there is trading activity or quarterly statements (together “Account Statements”) if there is no monthly activity. You should compare the information in the QPR with the information in the account statement provided by the Custodian. There may be a difference in the values represented as a result of the different billing methods indicated above. The Custodian’s Account Statement is the official record of the holdings and value of investments held in the Account. Securities listed as “unbillable” (see definition below in Billing Section) will not appear on QPR but will show on Account Statements. QPRs, Account Statements and trade confirmations are provided to keep you informed of your Account performance and activity and to ensure that the Account is being handled in accordance with your instructions. Both Programs will send confirms on a quarterly basis rather than as the transaction occurs.

Quarterly Performance Reports, NFS Account statements and trade confirmations are provided to keep you informed of your Account performance and activity and to ensure that the Account is being handled in accordance with your instructions. *You should review all reports and statements on a timely basis, and notify HDVAS immediately if you believe that any investment or activity in the Account was not authorized or is inconsistent with your instructions. Please contact your Advisory Consultant or HDVAS if you do not receive your Quarterly Performance Reports or your Account statements. Transactions that are not challenged within ten (10) calendar days of confirmation will be deemed accurate. Also notify HDVAS immediately if you receive a statement at any time from your Advisory Consultant that does not match the QPRs or Account Statements.*

Advisory Fees

You pay an annual Program Fee for participation in the Program. The Program Fee is negotiable subject to the maximum annual fee listed in the table below. HDVAS and your Advisory Consultant price their services based on the total compensation they expect to receive from the Account, including expense sharing from certain product sponsors as well as our Educational Partners. Clients should make sure that they fully understand the services provided by HDVAS and the Advisory Consultant and all fees and compensation associated with the Account. The Program Fee is agreed upon between you and your Advisory Consultant and is documented in your SIS.

The Program Fee is automatically deducted from your Account, and you will not receive separate invoices for the Program Fee deducted from your Account but it will be identified on your NFS account statement. The Program Fee is charged only one quarter in advance, therefore, there is no long-term commitment or contractual obligation to continue in the Programs. The Program Fee you pay includes your custodial and safekeeping fees, investment advice, reporting and the execution of trades in your Account. Since execution costs are included in the Programs, you do not pay separate ticket charges.

The Advisory Consultant recommending the Program receives compensation as a result of your participation in the Program. The amount of this compensation may be more or less than what the Advisory Consultant would receive if you participated in other available HDVAS Programs or paid separately for investment advice, brokerage and other services. *The Advisory Consultant has a financial incentive to recommend advisory programs and services over other available investment selections* (see also “Conflicts of Interest”). The Program Fee is a tiered or incremental fee based on the amount of Billable Securities you have in the Program and Related Accounts. The following table represents the *maximum* Program Fee per tier.

The *VestAdvisor Select* Program Fee Schedule shown below are effective for new Accounts on 9/24/2018. Existing *VestAdvisor Select* Accounts are “grandfathered” under their existing fee schedule until a new advisory account is opened under any HDVAS Program or a change is made to an existing Account. At that time, the new Program Fee will be effective.

VestAdvisor Select Program Fees

Portfolio Increments	Maximum Annual Fee Per Tier
\$0 - 100,000	2.30%
\$100,001 - 250,000	2.00%
\$250,001 – 500,000	2.00%
\$500,001 – 1,000,000	1.75%
\$1,000,001 – 2,000,000	1.50%
\$2,000,001 – 5,000,000	1.25%
Above \$5,000,000	1.00%

VestStrategist Program Fees¹

Portfolio Increments	Maximum Annual Fee
\$0 – 500,000	2.75%
\$500,001 – 1,000,000	2.50%
Above \$1,000,000	2.00%

¹The range of fees charged for *VestStrategist* include the range of fees charged by the Sub-Managers as well as for services provided by Envestnet. The fees charged by Sub-Manager vary based on the Sub-Manager or third-party strategist selected.

The Program Fee is a tiered or incremental fee based on the amount of billable securities invested in the Program (including Related Accounts). As an example, if your *VestAdvisor Select* Account has a Billing Value of \$250,000, you will pay a maximum of 2.30% of the first \$100,000 (or \$2,300) and a maximum of 2.00% on the remaining \$150,000 (or \$3,000) for a total maximum *annual* Program Fee of \$5,300 (or 2.12%). This will be billed quarterly in advance as explained in more detail below.

The *VestAdvisor Select* and *VestStrategist* Programs include account management, certain brokerage services, reporting, custody and administrative services. In addition to the Program Fee, HDVAS and its affiliates will indirectly earn compensation from other sources, including fees and expense sharing paid by NFS, Educational Partners, or sponsors of other Approved Securities held in the Account. The Program Fee is used to offset the costs of the Program and to compensate HDVAS and your Advisory Consultant. A portion of the Program Fee is used to cover expenses associated with trading in the Account, custody of assets, platform fees to Envestnet and the other services described in this Wrap Fee Brochure. The Program Fee does not include certain dealer markups or markdowns on odd lot differentials, transfer taxes, exchange fees, execution fees (foreign and/or domestic), certain transaction fees or any other fees required by law.

Portfolio Overlay and Tax Overlay Management Services may incur an additional charge above Program Fees.

Fee Negotiations and Waivers. Fees and account minimums are negotiable at the sole discretion of HDVAS or the Sub-Manager. Employees of HDVAS and its affiliates are eligible to participate in either Program at a reduced Program Fee.

Compensation to HDVAS and its Advisory Consultants

Program Fee: The amount paid from the Client Fee by HDVAS to Envestnet for performance reporting, fee calculation and processing, and clearing firm fees. Please review Envestnet's Brochure for more information relating to the Program Fee. The Program Fee is stated in your SIS.

Sub-Manager's Fee: The amount paid from the Client Fee by HDVAS to Envestnet for payment to sub-managers and third party providers. Please review Envestnet's Brochure for additional information.

HDVAS's Fee: The amount of the Client Fee retained by HDVAS for our services. This amount depends on several factors including account size, Program selection and Sub-Manager, annual production of Advisory Consultant and third party provider selection. The percentage of Program Fee kept by HDVAS is reduced by the level of assets the Advisory Consultant has across all advisory programs. This provides a financial incentive to Advisory Consultant to recommend Programs offered by HDVAS. HDVAS will retain a portion of the Program Fee (between 0% and 0.48%) of the Account value and the remaining portion of the fee is run through the HDVAS payout grid. The payout grid determines the percentage of the fee paid to your Advisory Consultant. The commission grid varies between 6% and 50 % which is also retained by HDVAS.

Advisory Consultant's Fee: The amount of the Client fee payable by HDVAS to the Advisory Consultant for the Advisory Consultant's advice and other services provided to Client relating to the Program. This amount typically ranges between 50-94% of the net amount kept by HDVAS and may depend on several factors, including account size, Program selection, sub-manager or third party provider selection, and the Advisory Consultant's discretion.

Billing. The initial Program Fee ("Inception Fee") is calculated as of the date the Account Value reaches the Program's or Sub-Manager's minimum amount. The Inception Fee is prorated for the balance of the calendar quarter.

Subsequently the Program Fee is billed in advance on a quarterly basis and is calculated based on the balance of the billable securities in the Account as calculated on the last business day of the prior calendar quarter. The Program Fee will not be adjusted during the quarter for changes in value (appreciation or depreciation) of the securities held in the Account. However, the Account will be charged or refunded a supplemental prorated Program Fee on a monthly basis if there are significant net additions or net withdrawals in the Account during the month. Any additions or withdrawals have a prorated fee applied for the days remaining within the quarter and all additions and withdrawals are netted daily. This prorated adjustment will only occur if the net addition or withdrawal is at least \$10,000. A prorated Program Fee will be assessed in the month following the net addition or net withdrawal. (This is often referred to as "Flow Billing.") This is based on Account additions and withdrawals and is not aggregated for "Related Accounts" as defined below. Securities that transfer into the Account that are considered "Unapproved" (i.e., not an HDVAS Approved Security) will be included in the Program Fee calculation for approximately 30 days after receipt in the Account. At or near 30 days, these "Unapproved Securities" will be marked as "Unbillable" and will no longer be included in Program Fee calculations or Quarterly Performance Reports. Flow Billing is not effective for any Account in any Program until 10/1/2018.

For the purposes of calculating the Program Fee, the value of the Account is calculated as the sum of the long and short market value of all Billable Securities held in the Account, plus accrued interest, minus any margin loan balances, as of the last day of the prior quarter. For mutual funds, we will use the fund's net asset value, as computed by the mutual fund company. Custodian prices Approved Securities based on information we believe to be reliable. If any prices are unavailable or believed to be unreliable, we will determine prices in good faith to reflect our understanding of fair market value. Please see the "Termination of Agreement" section of this Wrap Fee Brochure.

Related Accounts can be linked together upon Client request to reduce the Program Fee. To be eligible for linking, you must affirmatively notify HDVAS of the Accounts that are to be linked and provide HDVAS written information on any forms designated by HDVAS for this purpose. Related Accounts are accepted by HDVAS in HDVAS's sole discretion. Each Related Account should individually and separately meet the respective advisory Program requirements but should have an account balance of at least \$5,000. Exceptions can be made in the sole discretion of HDVAS. Together the Related Accounts must meet the Program minimum of \$25,000 (for *VestAdvisor Select*) or as specified by the Sub-Manager for *VestStrategist*. Individual or Related Accounts that fall below the minimums are generally subject to termination from the Program at HDVAS's sole discretion.

Depending upon the amount of the Program Fee, the level of assets and trading activity in the Account, the value of custodial and other services provided, and other factors, the Program Fee can exceed the aggregate cost of these services if they were obtained separately. Accordingly, the Program Fee is more or less expensive than if you selected separate brokerage services, without the additional Program services provided. You should consider the importance and value of these additional Program services to you when comparing various options for obtaining advice, reporting and execution services. You should also consider the amount of anticipated trading activity when selecting among Programs and assessing the overall cost. If there are prolonged periods of inactivity or an asset allocation with significant cash or cash equivalents, the Program Fees will usually result in higher overall expenses than if commissions were paid separately for each transaction outside a fee-based advisory Program. There will be times when an account is deemed ineligible for an advisory program. At that time, the account will be moved to a retail account, and Program fees will no longer be charged to the client.

You have the option of purchasing the investments we recommend through other firms, brokers or agents that are not affiliated with HDVAS. If you purchased investments through a brokerage account at NFS within one year of transferring them to an advisory account, the amount of commission you paid that exceeds an advisory fee will be refunded directly to your account. If the purchase was within thirty (30) days of transferring to an advisory account, the full amount of your commission will be refunded directly to your advisory account.

When fees are calculated, certain assets are excluded from the market value of the Account. These are called "Unbillable Assets" and will not be included in the "billable" Market Value. Unbillable Assets are generally securities that are not considered approved for the Program or that the Advisory Consultant and Client have agreed should be held only and not included in Account rebalancing and management of Account. Cash and cash equivalents are included in the Program Fee calculations unless invested in HDVAS's selection of a cash reserve fund that is not included in billing or reporting.

When fees are calculated in advance there are no fee adjustments for: (i) appreciation or depreciation in the value of assets during the quarter; (ii) adjustments to the asset allocation or rebalancing when assets are invested in a single portfolio that accesses multiple asset managers and Funds, such as a UMA strategy; or (iii) the replacement of a Model Manager. This calculation process means that Client may have paid a greater or lesser Program Fee for that quarter had the intra-quarter reallocations and/or replacement of Model Managers been in place at the time of the quarterly billing calculation.

Termination of Agreement. Clients who want to terminate their Agreement should notify their Advisory Consultant or HDVAS verbally or in writing. Program Fees are paid in advance; therefore, HDVAS will provide a pro rata refund of unearned, prepaid fees if the contract is terminated prior to the end of the quarter. You will incur any gain or loss in your Account for any period it was invested. HDVAS reserves the right to terminate the advisory relationship if the market value of Approved Securities in the Account falls below the Program Minimum. At the end of the quarter, HDVAS will review and terminate Accounts that no longer meet the Program Minimum at their sole discretion.

If you terminate the Agreement, the Account will be converted to a commission-based brokerage account ("Retail Account") for which you are obligated to pay commissions for each future transaction. In a commission-based brokerage account you are generally subject to an annual maintenance fee imposed by the Custodian. If you elect to close your brokerage account, you will generally be assessed a termination fee imposed by the Custodian. Please refer to the HD Vest Disclosures Packet for a description of brokerage fees. This document is provided by the Custodian upon Account opening.

Upon moving to a Retail Account, you are required to convert advisory mutual fund share classes to a retail share class. Please see the fund's prospectus and consult your Advisory Consultant for additional details. Instructions to terminate Accounts in *VestAdvisor Select* or *VestStrategist* will be closed as soon as reasonably practicable once notification is received by HDVAS.

If you purchased investments through a brokerage account that was later converted to an advisory account at NFS within the previous year, the amount of commission you paid that exceeds the Firm's average advisory fee will be refunded directly to your account. If the purchase was within thirty days of transferring the securities to an advisory account, the full amount of your commission will be refunded directly back to your account. No fees are refunded if less than \$5.

Wrap Fee Programs. Wrap fee programs include your trading and execution costs in the annual fee you pay, along with the portfolio manager's fee, advice from HDVAS, custody and safekeeping costs and performance reporting. You do not pay separately for these services. As with any fee based program, these may be more or less expensive than if you paid separately for the various services and you should consider this when determining if a wrap fee program is best for your particular circumstances.

Reasonable Restrictions. Our investment advice is tailored to clients' individual needs and limitations may be placed on trading restrictions requested by clients. You may request restrictions to your Account in consultation with your Advisory Consultant at any time during the management of the Account. HDVAS or Sub-Manager has the option to decline or terminate the Account if your elected restrictions are too prohibitive and HDVAS or Sub-Manager do not feel the Account can be managed within the Program. Restrictions, even those considered reasonable, will affect your Account performance and can mean the performance in the Account is not the same (or close to) the performance of other similarly managed Accounts.

Comparing Costs. Depending upon the amount of the Program Fee, the level of assets and trading activity in the Account, the value of custodial and other services provided, and other factors, the Program Fee can exceed the aggregate cost of these services if they were obtained separately. Accordingly, the Program Fee is more or less expensive than if you selected separate brokerage services, without the additional Program services provided. You should consider the importance and value to you of these additional Program services when comparing various options for obtaining advice, reporting and execution services. You should also consider the amount of anticipated trading activity when selecting among Programs and assessing the overall cost. If there are prolonged periods of inactivity or an asset allocation with significant cash or cash equivalents, the Program Fees will usually result in higher overall expenses than if commissions were paid separately for each transaction outside a fee-based advisory Program. There will be times when an account is deemed ineligible for an advisory program. At that time, the account will be moved to a retail account, and Program fees will no longer be charged to the client. You have the option of purchasing the investments we recommend through other firms, brokers or agents that are not affiliated with HDVAS.

Account Fees and Charges not Covered by Program Fee. Transaction, clearing and custodial fees are assessed by NFS as noted in the Schedule of Additional Fees in Appendix 1. All ticket charges are paid from your Program Fee (and not charged to you separately) but other charges on the Schedule of Fees are applicable to Client in certain circumstances. These transaction fees are separate from the Program Fee and other internal mutual fund and ETF fees outlined previously.

By entering into the SIS, Client consents to HDVIS, HDVAS and the Advisory Consultant retaining their respective share of any other fees or payments that are made to HDVAS or HDVIS in connection with the use of specific Approved Securities. These fees include but are not limited to sweep fees, networking fees and expense sharing paid by Educational Partners and other product sponsors and are disclosed in detail throughout this Wrap Fee Brochure.

Asset Selection and Evaluation

Accounts are managed by HDVAS (*VestAdvisor Select*) and by Sub-Manager (*VestStrategist*) with discretion consistent with your investment objective as set forth in the Client Profile. Recommendations for *VestAdvisor Select* are made on the basis of research done by HDVAS and other sources deemed to be reliable. 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. Qualitative analysis contrasts with quantitative analysis, which focuses on numbers such as the firm's financials and prospectus or offering memorandums. Both techniques are often used together in order to examine a company's operations and evaluate its potential as an investment opportunity. Please refer to Sub-Manager's Wrap Fee Brochure for additional details on their evaluation and selection of assets. Ticket charges are not charged separately to Client in either Program.

As more fully described in the "Expense Sharing" section, our affiliate, HDVIS has agreements with Educational Partners to provide HDVIS with payments to help defray the educational, training, recordkeeping and other costs associated with bringing these products to Clients. Educational Partners may invite Advisory Consultants and HDVAS portfolio management staff to attend due diligence conferences to meet portfolio managers, portfolio analysts, and other key staff in order to learn about their products, investment processes and portfolio management techniques. Educational Partners generally pay all expenses associated with travel, lodging and business meals for HDVAS staff. Educational Partners also contribute toward and participate in our Firm conferences.

VestStrategist Money Manager Selection and Evaluation

For the *VestStrategist* Program, Envestnet performs diligence on many of the Sub-Managers who provide investment advisory services to Program Clients. Although such diligence may be available for certain accounts, each Advisory Consultant is solely responsible for determining whether it has sufficient information about a Sub-Manager in order to select that Sub-Manager to provide services to the Client.

HDVAS has contracted with Envestnet to provide Sub-Manager Due Diligence in addition to the due diligence done by HDVAS. Fund Evaluation Group ("FEG") also provides HDVAS with access to research, due diligence and market insights in areas of capital markets assumptions, asset allocation and money manager or strategist due diligence. In performing this Due Diligence, Envestnet evaluates the Sub-Managers using data and information from several sources, including the manager itself and independent databases. Among the types of information provided are historical performance, investment philosophy, investment style, historical volatility and correlation across asset classes. Also reviewed are the Sub-Manager's Form ADV Part 2A and portfolio holdings reports that help demonstrate a Sub-Manager's securities selection process. In addition, FEG tracks performance and performs attribution analysis on certain *VestAdvisor Select* models.

Approved Securities

HDVAS maintains a list of approved mutual funds and ETFs ("Approved Securities") for the *VestAdvisor Select* Program. The list changes periodically and HDVAS has sole discretion to add or remove a mutual fund or ETF from this list. You should consult with your Advisory Consultant if you have questions regarding the Approved Securities in your Account. Unapproved Securities cannot be held in a *VestAdvisor Select* Account and will be sold upon receipt in the Account. The Firm determines which Unapproved Securities can be held in the Account and can revise or amend its determination at any time as it deems appropriate. *VestStrategist* selections will vary by Sub-Manager (see their Wrap Fee Brochure).

Securities offered through HDVAS and the various Sub-Managers are *not* guaranteed by the FDIC or any other governmental agency, and may lose value. However, the bank deposit sweep alternative is FDIC insured up to applicable limits. Please see the Cash Sweep Disclosure Statement for additional detail.

Additional Compensation. The *VestAdvisor Select* Program uses Approved Securities comprised of mutual funds and exchange-traded funds (ETFs). You should refer to the "Sweep Compensation" section for more information on sweep investments. Allowable securities are purchased with no sales commissions, but Clients will pay their proportionate share of ongoing mutual fund, ETF and money market management and administrative fees. HDVAS will disclose an investment's expenses upon request and these fees are also disclosed in the applicable product prospectus. Clients who transfer securities into the Program bear the expense of any contingent or deferred sales loads incurred upon selling the product.

With the *VestAdvisor Select* Program, no-load funds, load-waived class A share funds and Advisory or Institutional Share Classes are used. Although there are no sales commissions, some funds pay a marketing, distribution or client service fee to HDVIS. 12b-1 Fees are paid out of fund assets, and thus they increase the expenses you pay as a fund shareholder. You do not pay these fees directly; they are deducted from the total assets in the fund and reduce your investment returns and create a conflict of interest for HDVAS and your Advisory Consultant. The amount of the 12b-1 Fee is determined by the mutual fund company and is disclosed in the mutual fund's prospectus. Funds that pay a 12b-1 fee are allowed in *VestAdvisor Select* portfolios only if there is no share class offered by the fund that does not pay a 12b-1 fee. Any 12b-1 Fees received by the Custodian are refunded back to the Account. Often allowable securities (including Advisory Share Class mutual funds) pay a separate shareholder service fee, which is paid out of fund assets. Some 12b-1 Fees include shareholder service fees. HDVIS accepts and retains shareholder service fees paid by Allowable Securities for some accounts. The shareholder service fees are paid based on the assets held in the fund (including your investment) and are capped at an annual fee of 0.25%.

HDVAS and the Advisory Consultant take into consideration shareholder service fees and payments from Educational Partners when establishing the fees associated with the *VestAdvisor Select* Program. Information about shareholder service fees is contained in the prospectus of the individual mutual funds. You should contact your Advisory Consultant with questions about the fees or how they affect the investments or the compensation earned by HDVIS, HDVAS and your Advisory Consultant.

Some fund companies offer Advisory Share Classes designed for fee-based investment advisory products. The availability of Advisory Share Classes is determined by the fund company. In general, what differentiates Advisory Shares from traditional mutual fund shares is that Advisory Shares have reduced or eliminated the 12b-1 Fees paid to firms that sell the fund, and in some cases also have lower ongoing expenses. Accordingly, Advisory Share Classes generally have lower costs associated with them, and HDVAS and its affiliates earn less compensation from Advisory Shares as compared with other share classes of the same fund. Advisory Share Classes pay shareholder service fees, which HDVAS and/or HDVIS have the option to accept and retain. This is a conflict of interest.

HDVAS and its affiliates earn revenue sharing for certain IRA accounts in the *VestAdvisor Select* program which is a conflict of interest. The amount paid ranges from 4 to 13 basis points (or 0.04% to 0.13%). It is not shared with Advisory Consultants. Neither HDVAS or its affiliates or its Advisory Consultants earn 12b-1 Fees on discretionary or non-discretionary ERISA or on non-discretionary IRA accounts in its Advisory programs. These additional fees are considered a conflict of interest and increase the fees you pay, which can negatively affect your return.

On the Schedule of Fees, Appendix 1, some of the fees listed include markups or amounts in addition to charges imposed by the Custodian, which HD Vest uses to defray other costs associated with its business or that are retained by HD Vest.

Margin. The use of margin is prohibited in the *VestAdvisor Select* Program. Please see the Sub-Manager's Disclosure Brochure for details regarding margin in *VestStrategist* Program Accounts.

Sweep Program. The Standard Bank Deposit Sweep Program ("Sweep Program") is a core account investment vehicle option, which if either selected by default or affirmatively elected, will be used to hold your cash balance before it is invested. The cash balance in your *VestAdvisor Select* Account(s) will be automatically deposited or "swept" into interest-bearing FDIC insurance eligible Program Deposit Accounts at one or more FDIC-insured financial institutions ("Program Bank"). You should consult your Advisory Consultant to learn which core account investment vehicle option is your default option. For information about any of the money market mutual funds that may be available to use as your core account investment vehicle, including all charges and expenses, ask your Advisory Consultant for a free prospectus. You have the option of choosing another money market selection at any time. The Program Deposit Account will be included in the calculation of the Program Fee.

Your cash balance will be eligible for FDIC insurance once it is deposited into a Program Deposit Account held by a Program Bank. Your cash balance while held by NFS and/or HD Vest is not FDIC insured, but is covered by the Securities Investor Protection Corporation (the "SIPC"). For additional information on how FDIC insurance works, please visit fdic.gov/deposit/deposits/index.html. For additional information on SIPC coverage, please visit sipc.org.

The Sweep Program creates financial benefits for HD Vest and NFS. We will receive a fee based on the amount of cash in the Program Deposit Account from each Program Bank in connection with the Sweep Program and a portion of these fees may be paid to your Advisor. We will also pay a fee to NFS. The revenue generated by the Sweep Program may be greater than revenues generated by cash sweep options at other brokerage firms, and may be greater than other core account investment vehicles currently available to you or possible core account investment vehicles options that you have used in the past or may consider using in the future.

For Individual Retirement Accounts (IRAs) subject to Section 4975 of the Internal Revenue Code in either Program, HDVAS will earn a flat fee per Program Deposit Account in the Sweep Program and not a fee based on the amount of cash in the Program Deposit Account.

The Sweep Program is an interest-bearing bank deposit account that pays interest on your swept funds and is covered by FDIC insurance up to applicable limits. By participating in the Sweep Program, HDVAS and/or its affiliates receive additional compensation based on Client holdings. This increases the fees you pay, which can negatively affect your return. Please see the Cash Sweep Disclosure Statement for more information. It is located at hdvest.com/cash-sweeps-program/ or you may ask your Advisory Consultant for a copy.

A money market mutual fund generally seeks to achieve a competitive rate of return (less fees and expenses) consistent with the fund's investment objectives, which can be found in the fund's prospectus. It is possible to lose money by investing in a money market mutual fund. The rate of return will be impacted by the fees imposed by the particular class of shares designated for the money market sweep. Rates will vary over time and will be higher or lower than the rate paid on other sweep options (including the Sweep Program) or other money market mutual funds. HDVAS earns more by designating the Sweep Program as the sweep option for Accounts. HDVAS has a conflict in selecting the sweep options available for the Program.

The rates of return for sweep options vary over time. Current rates can be obtained from your Advisory Consultant. There is no guarantee that the yield on any particular cash sweep will remain higher than others over any given period. The rate of return on any sweep option is usually lower than that of similar investments offered outside the Sweep Program.

Mutual fund companies typically offer multiple share classes with different levels of fees and expenses. When selecting the share class for the Money Market Fund used in the Sweep Program, we do not, in all instances, select the share class with the lowest fee that is available from the fund company and these decisions are influenced by the additional compensation we receive. The selection of a more expensive share class of a Money Market Fund will negatively impact your overall investment returns.

Expense Sharing Arrangements. Within the universe of mutual funds and ETFs used in *VestAdvisor Select* a select group of companies (Educational Partners) have agreements with HDVIS to provide payments to help defray the educational, training, recordkeeping and other costs associated with offering these products to Clients. These payments, which are in addition to the fees and expenses disclosed in the fund prospectus fee table, are calculated as a percentage of assets under management, a percentage of initial sales, or a combination of assets and sales. The amount paid by Educational Partners can be up to 0.13% (13 basis points) on assets under management and 0.04% to 0.10% (4 to 10 basis points) on sales. For example, for every \$10,000 investment, HDVIS receives up to \$10 in additional compensation on the sale and up to \$13 annually as long as the assets stay invested. HDVIS also receives additional lump sum payments from Educational Partners, which in total are significant in amount.

HDVAS is likely to recommend and use Approved Securities offered by Educational Partners. Although the expense sharing payments received from Educational Partners are not shared with the Advisory Consultant and are not directly tied to the expenses applied to your Account, a conflict of interest exists for HDVAS in the selection and recommendation of Approved Securities sponsored by Educational Partners. In addition, Advisory Consultants separately receive reimbursement for marketing expenses, Client functions and attendance at due diligence, training and education meetings sponsored by HDVAS, HDVIS or the product sponsors. The reimbursement is paid by the product sponsors. For more information, you should ask your Advisory Consultant which product sponsors, if any, provided expense reimbursement or additional compensation to your Advisory Consultant.

The following Educational Partners made additional payments to HDVIS during the past year:

- AEI Securities, Inc.
- Delaware Investments

- Deutsche Asset Management/DWS
- FS Investments
- Inland Securities Corporation
- John Hancock Funds
- The Hartford Funds
- Invesco
- LaSalle Investment Management Distributors, LLC
- Legg Mason
- MFS Investment Management
- Oppenheimer Funds
- Putnam Investments
- Virtus Investment Partners
- Wisdom Tree

HDVAS or their service providers collect revenue in the manner outlined above from many of the securities in which you invest. The additional compensation received varies by product sponsor, and sometimes by security within the same product sponsor. As a result, HDVAS has a financial incentive to recommend one security over a similarly situated security due to the compensation we receive from one over another. This also results in an increase in your costs as a result of the recommendation of a more expensive security. HDVAS intends to make all recommendations independent of such financial considerations and based solely on our obligations to consider your objectives and needs. These direct and indirect payments from our Educational Partners are in addition to the quarterly Program Fee you pay and are imbedded in the security's pricing. In the case of ERISA Accounts, the payments described above that are paid to HDVAS or an affiliate will be waived or credited to your Account.

Educational Partners' funds can also be selected by the Sub-Manager in *VestStrategist*, and payments will still be received by HDVAS. However, HDVAS has no decision-making authority over which securities the Sub-Manager chooses.

ITEM 5 Account Requirements and Types of Clients

All *VestAdvisor Select* are designed for individuals, pension and profit sharing plans, charitable organizations, corporations or other businesses with investment portfolios valued at \$25,000 or more, although exceptions can be made in the sole discretion of HDVAS. Sub-Managers will have account minimums for the model portfolios that generally vary between \$40,000 and \$500,000.

ITEM 6 Portfolio Manager Selection and Evaluation

HDVAS does not choose the *VestAdvisor Select* or *VestStrategist* Program on a discretionary basis for clients. The Advisory Consultant and Client discuss the expectations and objectives of the Client and various options are reviewed. The amount of money invested into the Program may be all or a small percentage of the Client's investable assets. The Client chooses to invest in a Program based on their preferences and the importance of having a Portfolio Manager manage and monitor the Account. Other advisory programs offered by HDVAS have the availability of different portfolio managers, levels of investing complexity, investment styles, costs and securities selections. Your Advisory Consultant is available to provide additional detail on these programs.

In *VestStrategist*, the Sub-Managers chosen by Client and Advisory Consultant have discretion over their allocation of assets within the Account. Advisory Consultant and HDVAS do not have trading discretion over the Account but will have the discretionary authority to change allocations to selected Sub-Managers and hire or fire Sub-Managers with verbal authorization from the Client. Changes to allocations between Sub-Managers as well changes in Sub-Managers selected for the Client's Account must still remain within the Client's stated risk tolerance on the SIS. Advisory Consultants will not have access to all Sub-Managers available in the various offerings on Envestnet, and some Advisory Consultants will have more limited offerings than others at HDVAS's choice.

Other Fee Based Programs Offered by HDVAS

For additional information about these programs, please ask your Advisory Consultant. These programs are:

- *VestAccess™*: A digital managed program investing only in low-cost mutual funds and exchange-traded funds for accounts with balances as low as \$5,000.
- *VestAdvisor®*: A program with management provided by Advisory Consultant in a wide variety of investments including stocks, bonds, mutual funds, and other allowable securities. The account minimum is \$25,000.

Investment Process. HDVAS will invest *VestAdvisor Select* Account according to a set of asset allocation portfolios ("Models") based on the investment and risk profile selected by Client and Advisory Consultant. The Program is limited to discretionary investments based on the Client's investment objectives and risk profile. Client will have the ability to discuss the investment advice received in connection with the Program with the Advisory Consultant. Your Advisory Consultant does not have the ability to trade in your Account. Securities chosen for the various models will be no-load or advisory share class mutual funds or exchange-traded funds.

Portfolio Manager Performance. HDVAS has a conflict of interest with the *VestAdvisor Select* Program since we are the Portfolio Manager as well as the Program Sponsor. This creates a financial incentive for HDVAS to leave Accounts in the Program even if its performance is lagging other similar programs offered by other unaffiliated portfolio managers. At all times, HDVAS strives to put Clients' interests ahead of our own and failing to monitor our (and your) performance in the Program is not in your best interest or ours. HDVAS and HDVIS have a corporate governance structure in place to oversee the performance of our Chief Investment Strategist and thus the decisions made in *VestAdvisor Select* Accounts. You and your Advisory Consultant also have the option of moving your Account to another Program or to a retail (non-managed) account at any time and any prepaid, unearned Program Fees will be promptly refunded. Performance numbers are calculated by outside firms, not by HDVAS, and provided to you and your Advisory Consultant via Quarterly Performance Reports ("QPRs"). Controls are in place to prevent manipulation of these performance numbers and to provide Clients with an "unedited" version of the QPR data. Currently QPRs are provided by Black Diamond, Inc. and by Envestnet, depending on the Program Client has invested in. The selection of HDVAS as Portfolio Manager for *VestAdvisor Select* does not go through the same selection process unaffiliated managers undergo. HDVAS does not regularly review the performance information of Sub-Managers or other products available through *VestStrategist*. Performance information for Sub-Managers is made available from third-party sources, and in some cases, directly from the Sub-Manager.

Conflicts of Interest. HDVAS endeavors to provide all Programs to Clients at a cost that is reasonable in relation to the services provided. In evaluating whether to choose *VestAdvisor Select*, you should be aware that HDVAS and its affiliates earn compensation from a number of sources related to your Account (as disclosed elsewhere in Wrap Fee Brochure) in addition to the Program Fee. The choice of Approved Securities affects the compensation HDVAS, its affiliates and Advisory Consultants earn as a result of your investments and thus poses various conflicts of interest. This section of the Wrap Fee Brochure is intended to describe significant conflicts of interest you should consider in making an investment decision. You should refer to the "Fees and Compensation" section for additional information on the compensation HDVAS and Advisory Consultants receive. If you have any questions about compensation or conflicts of interest, please contact your Advisory Consultant.

Expense Sharing Arrangements (Educational Partners). The Firm's affiliate, HDVIS, receives payments from Educational Partners in exchange for providing these Educational Partners opportunities for enhanced access to HDVIS's and HDVAS's sales force during training events, conference calls and meetings. Educational Partners also receive heightened visibility through the distribution of sales literature, newsletters and training materials accessible through HD Vest intranet pages. Educational Partners pay HDVIS amounts that are in addition to the sales charges and expenses disclosed in the fee tables found in the product prospectus. Although these payments are not shared with the Advisory Consultant and are not directly tied to the expenses applied to your Account, a conflict of interest exists in the recommendation of Approved Securities sponsored by Educational Partners since these products result in additional compensation for HDVIS.

Qualified Plan Rollovers. If you are rolling over assets from an employer-sponsored Qualified Retirement Plan ("QRP"), such as a 401(k), to an Individual Retirement Account ("IRA") with us, you should carefully evaluate all choices which are typically available. These four options include: leaving your assets in your former employer's plan (if permitted), rolling over the assets to your new employer's plan (if permitted), rolling your assets to an IRA with us or another firm, or cashing out the account value. You should consider the following factors, among others, in deciding whether to keep assets in a QRP, roll over to an IRA or cash out: investment options, fees and expenses, the ability to make penalty-free withdrawals and differences in creditor protection. Of these options, HDVAS will only earn compensation if you open an IRA account with us. In addition, the costs of maintaining and investing assets in an IRA with us will generally involve higher costs than keeping the assets in your current QRP. While we typically offer a broader range of investment options and services than an employer-sponsored QRP, there are no guarantees that the additional investment options will outperform your employer-sponsored QRP.

Tailoring Services for Individual Clients. Neither *VestAdvisor Select* nor *VestStrategist* provide you with a comprehensive financial or investment plan under the Programs but the services provided are tailored to your specific investment goals and risk tolerance, based on the information you provided in your Client Profile. Client does not have the ability to customize securities or trade in Account although withdrawals can be made at any time.

Performance-Based Fees. HDVAS does not charge performance-based fees or engage in side-by-side management of accounts. See Sub-Manager's Wrap Fee Brochure, if applicable.

Methods of Analysis and Investment Strategies. HDVAS uses various methods of analysis and investment strategies when formulating investment advice. In the *VestAdvisor Select* Program HDVAS will be responsible for making investment recommendations and will implement these without your prior approval. When developing recommendations for you, your Advisory Consultant compares your financial goals with your investment risk tolerance and the risk and potential of a specific product.

Sources for research by HDVAS include: Morningstar, product sponsor materials, corporate press releases and annual reports, SEC filings, corporate rating services, prospectuses and financial industry periodicals as well as additional information published or provided by HDVAS or independent third parties. All sources are believed to be reliable. See Sub-Manager's Wrap Fee Brochure for additional details, if applicable.

Your Advisory Consultant will often recommend long-term strategies, such as dollar-cost averaging, reinvestment of dividends or other proceeds on investments, and asset allocation. Recommendations can also be made to help you realize capital gains or losses on securities or investment products that you own. Before implementing the recommendations made by your Advisory Consultant, you should carefully consider the implications of purchasing investment products or services, and you will want to seek further advice from your lawyer and/or accountant, particularly in connection with estate planning or tax issues.

Risks of Loss and Other Risks of Investing

Asset Allocation and Diversification. The performance of Accounts is dependent on the allocation of securities among various asset classes and the selection of underlying Funds. There is a risk that decisions regarding asset allocation and the selection of investments will cause an Account's performance to lag relevant benchmarks or will result in losses. While allocations to multiple asset classes can reduce risk, risk cannot be completely eliminated with diversification. Asset allocation and diversification do not guarantee a profit or protect against loss.

Cybersecurity Risk. With the increased use of technologies to conduct business, corporate and personal technology are susceptible to information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and arise from external or internal sources. Cyberattacks include but are not limited to: gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information; corrupting data, equipment or systems; or causing operational disruption. Cyberattacks are also carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting HDVAS, its affiliates or Advisory Consultants, or any other service providers (including, but not limited to accountants, custodians, transfer agents, and financial intermediaries used by a fund or an account) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the ability to calculate net asset value ("NAV"), impediments to trading, the inability to transact business, destruction to equipment and systems, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which an Account invests, counterparties with which an entity engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers), and other parties.

Investing in Mutual Funds and ETFs. Clients bear all the risks of the investment strategies employed by the mutual funds and ETFs held in their Accounts, including the risk that a mutual fund or ETF will not meet their investment objectives. For the specific risks associated with a mutual fund or ETF, please see its prospectus.

Exchange-Traded Funds. An ETF is a security that trades on an exchange and may seek to track an index, commodity, or a basket of assets like an index fund. Some ETFs are actively managed and do not seek to track a certain index or basket of assets. However, ETFs used in the Program generally will be passive investment vehicles that seek to replicate the performance of relevant market indices. ETFs can trade at a premium or discount to their NAV and are affected by the market fluctuations of their underlying investments. They also have unique risks depending on their structure and underlying investments.

Money Market Fund. Cash balances in an Account are held in a money market fund. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. It is possible for a money market fund to lose money.

Risks Relating to Underlying Funds. In addition, the underlying mutual funds held within Accounts are subject to the following specific risks, although not every risk is applicable to every Fund:

- **Quantitative Investing.** Securities selected in mutual funds using quantitative analysis can perform differently from the market as a whole as a result of the factors used in the analysis, the weight placed on each factor, changes to the factors' behavior over time, market volatility, or the quantitative model's assumption about market behavior.
- **Stock Investments.** Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments. In addition, stock investments are subject to risk related to market capitalization as well as company-specific risk.
- **Foreign Exposure.** Foreign securities are subject to interest rate, currency exchange rate, economic, regulatory, and political risks, all of which generally are greater in emerging markets. These risks are particularly significant for mutual funds that focus on a single country or region or emerging markets. Foreign markets are often more volatile than U.S. markets and can perform differently from the U.S. market. Emerging markets can be subject to greater social, economic, regulatory, and political uncertainties and can be extremely volatile. Foreign exchange rates can also be extremely volatile.
- **Bond Investments.** In general, the bond market is volatile, and fixed-income securities carry interest rate risk. As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer term bonds. The ability of an issuer of a bond to repay principal prior to a security's maturity can cause greater price volatility if interest rates change, and if a bond is prepaid, a bond fund may have to invest the proceeds in securities with lower yields. Fixed income securities also carry inflation risk and credit and default risks for both issuers and counterparties. Unlike individual bonds, most bond funds do not have a maturity date, so holding them until maturity to avoid losses caused by price volatility is not possible. In addition, investments in certain bond structures can be less liquid than other investments, which would make them more difficult to trade effectively.
- **Credit Risk.** Changes in the financial condition of an issuer or counterparty and changes in specific economic or political conditions that affect a particular type of security or issuer can increase the risk of default by an issuer or counterparty, which can affect a security's or instrument's credit quality or value. Lower quality debt securities and certain types of other securities involve greater risk of default or price changes due to changes in the credit quality of the issuer.
- **Derivatives.** Some mutual funds selected may contain derivatives, such as swaps and exchange-traded futures. Generally speaking, a derivative is a financial contract whose value is based on the value of a reference asset. Investments in derivatives subject these mutual funds to risks different from, and possibly greater than, those of the underlying securities, assets, or market indexes. Some derivatives involve leverage and provide investment exposure in an amount exceeding the initial investment. As a result, the use of derivatives causes these mutual funds to be more volatile, because leverage tends to exaggerate the effect of any increase or decrease in the value of a fund's portfolio securities.
- **Municipal Bonds.** The municipal market can be affected by adverse tax, legislative, or political changes and the financial condition of the issuers of municipal securities. Municipal funds normally seek to earn income and pay dividends that are expected to be exempt from federal income tax. If a fund investor is a resident in the state of issuance of the bonds held by the fund, interest dividends are sometimes exempt from state and local income taxes. Income exempt from regular federal income tax (including distributions from tax-exempt, municipal, and money market funds) may be subject to state, local, or federal alternative minimum tax. Certain Funds normally seek to invest only in municipal securities generating income exempt from both federal income taxes and the federal alternative minimum tax; however, outcomes cannot be guaranteed, and the Funds sometimes generate income subject to these taxes. For federal tax purposes, a fund's distributions of gains attributable to a fund's sale of municipal or other bonds are generally taxable as either ordinary income or long-term capital gains. Redemptions, including exchanges, can result in a capital gain or loss for federal and/or state income tax purposes. Tax code changes could impact the municipal bond market. Tax laws are subject to change, and the preferential tax treatment of municipal bond interest income may be removed or phased out for investors at certain income levels.
- **Legislative and Regulatory Risk.** Investments in your Account may be adversely affected by new (or revised) laws or regulations. Changes to laws or regulations can impact the securities markets as a whole, specific industries and individual issuers of securities. The impact of these changes is not always known for some time.

Risks of Relying on Information and Data Provided By Others. Analysis methods often rely on the assumption that the companies whose funds and securities are recommended for purchase and sale, the rating agencies that review such funds and securities, and other available sources of information about such funds and securities, are providing accurate, reliable and unbiased data and information. HDVAS cannot guarantee that analyses and recommendations will not be compromised by or free from any inaccurate, incomplete, or misleading data and information provided by such other third parties.

Long-Term Purchases Risk. Recommendations are generally made with the intent that clients purchase investments with the intention of holding them for one year or longer. This recommendation is often because HDVAS or the Sub-Manager believes the investments to be undervalued at the time of purchase and/or because HDVAS or Sub-Manager chooses to recommend exposure to a particular asset class over time, regardless of the current projection for such class. A risk of a long-term investment strategy is that by holding an investment for a longer period of time, the client is not be able to take advantage of potential short-term gains. Moreover, if the analysis is incorrect, an investment can decline sharply in value before it is sold.

Volatility and Correlation Risks. Clients should be aware that the asset selection process is based in part on a careful evaluation of past price performance

and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated asset classes exhibit similar price changes in similar directions, which can adversely affect Client and become more acute in times of market upheaval or high volatility. Past performance is no guarantee of future results, and any historical returns, expected returns or probability projections do not reflect actual future performance.

Clients should understand that investing in any security involves a risk of loss of both income and principal. There can be no assurance that any investment advice, strategies or recommendations will be successful or that Client's investment objective will be achieved.

Trade Errors. The Firm endeavors to identify and correct trade errors as soon as possible. When a trade error has been identified by HDVAS, Sub-Manager, Advisory Consultant or Client, HDVAS or Sub-Manager will correct the error promptly with the goal of restoring the account back to the same condition that would have resulted if the error had not occurred. Losses associated with trade errors that are not caused by the Client will be borne by HDVAS or the responsible party. Under some circumstances, our correction of an error could result in a gain. If the error correction results in a gain, HDVAS will retain the gain. For purposes of determining the gain or loss, related transactions will be corrected in the aggregate so that profits offset associated losses; a Client cannot elect to ratify only those portions of a related transaction that are profitable. All trade errors will be reviewed at least quarterly by a designated employee in the HD Vest Compliance Department.

Policies and Procedures Relating to Voting Client Securities. Client acknowledges and agrees that Envestnet, in its role as overlay manager for *VestAdvisor Select*, will be responsible for voting proxies with respect to securities held in the Account. Envestnet has developed appropriate principles, policies and procedures to ensure that such proxies are voted in the best interests of Clients. Client can rescind this authorization by providing written instructions to HDVAS appointing either Client or another third party authorized to act on behalf of Client with respect to proxies. Envestnet has developed. Upon request, Clients can receive a copy of Envestnet's proxy voting procedures by contacting your Advisory Consultant.

With respect to the securities, held or formerly held in the Account, or the issuer thereof, which become the subject of a legal proceedings, including bankruptcy or class action, Client directs HDVAS to forward information related to such legal proceedings directly to Client. HDVAS, with respect to the securities held or formerly held in the Account, or the issuer thereof, which become the subject of a legal proceedings, will not be obligated to render any advice or take any action with respect to legal proceedings. HDVAS's sole obligation will be to forward such information within a reasonable period of time to Client.

Inaccurate Client Profile. HDVAS shall not bear any responsibility for investment management decisions or other actions taken on the basis of any incomplete, misleading or incorrect information relating to any Client Profile. Envestnet is expressly authorized to rely on any direction from HDVAS and Sub-Manager to manage Account in accordance with the investment strategy selected by Client.

ITEM 7 Client Information Provided to Portfolio Managers

Securities for your Account are recommended or selected based on your Client Profile and other information you provide to your Advisory Consultant. As updated, information is provided to Envestnet, Sub-Manager and others as applicable.

ITEM 8 Client Contact with Portfolio Manager

Clients' primary contact with the Sub-Manager (Portfolio Manager as stated in Item 8) or Select Portfolio Manager will be through the Advisory Consultant. Direct contact with the Sub-Manager and Select Portfolio Manager is primarily limited to HDVAS's Advisory Consultants.

Item 9 Additional Information

Disciplinary Information. In the past 10 years, HDVAS has not been involved in any material disciplinary events as an investment adviser. To obtain information about HDVAS's disciplinary history, or to verify HDVAS has not been involved in any material disciplinary event, you may visit: adviserinfo.sec.gov. For information on any broker-dealer related disciplinary events of HDVIS or NFS you may visit: brokercheck.finra.org.

Other Financial Industry Activities and Affiliations. HDVAS is an investment advisory firm registered with the SEC that provides advisory and other financial services to individuals, pension and profit sharing plans, charitable organizations, corporations or other businesses. Companies affiliated with and/or under the same control with HDVAS include HD Vest, Inc., the parent company of HDVAS, HDVIS and HD Vest Insurance Agency, LLC ("HDVIA"). HDVAS may recommend that Clients use HDVIS or HDVIA to implement various investment and financial strategies. HDVIS, a registered broker-dealer and member of FINRA and SIPC, provides brokerage services to HDVAS Clients.

Your Advisory Consultant is, in most cases, an independent contractor of HDVAS solely for the purpose of providing investment advisory services as described in this Wrap Fee Brochure. In addition to the investment advisory services provided through HDVAS or securities sold through HDVIS, your Advisory Consultant often provide legal, tax, accounting, audit, payroll or other products or services that are not affiliated with HDVAS. HDVAS does not endorse or supervise any of your Advisory Consultant's activities conducted outside of HDVAS. These other activities are often material to their business focus. The responsibilities of HDVAS and its affiliates relate specifically to offering approved securities and investment advisory services. Some of these outside services present a conflict of interest with services provided by HDVAS or its affiliates. To the extent that is the case, by entering into the Agreement you acknowledge and agree that you have considered any such conflicts and have decided to proceed despite their existence. Please ask your Advisory Consultant and refer to their Form ADV Part 2B (Brochure Supplement) for more detailed information.

Any securities investments recommended by your Advisory Consultant must be made through HDVAS or its affiliates, and all checks related to any Program account must be made out to "National Financial Services LLC". You should immediately contact the HDVAS Advisory Compliance Department at (800) 821-8254 if you are asked by your Advisory Consultant to make any investments outside of HDVAS or its affiliates or if you are asked to make an investment payment to your Advisory Consultant's outside business or any other third party.

Privacy Policy. HDVAS will not sell Client information to other companies for marketing purposes. HDVAS employs reasonable security standards and safeguards to protect our Client's personal information and prevent fraud. In addition, HDVAS will continue to protect our Client's privacy even if they cease being our Client. For more information, please read our Privacy Statement on hdvest.com or refer to the HD Vest Disclosures Packet you will receive at Account opening.

Code of Ethics. HDVAS clients are entitled to expect high ethical standards of conduct in all of their dealings with us. HDVAS strives to foster a culture that supports our ability to meet our Clients' expectations. To assist us in minimizing potential conflicts of interest and prevent inappropriate activity, we have developed a Code of Ethics ("COE"). The COE defines "Access Persons" and describes standards of conduct, personal securities transactions, securities covered by the COE, insider trading, conflicts of interests and confidentiality. If you are a Client or prospective Client and would like to receive a copy of the current HDVAS Code of Ethics, please contact your Advisory Consultant. Alternatively, you can send a written request to HD Vest Advisory Services Compliance, P.O. Box 142829, Irving, TX 75014 or call (800) 821-8254.

HDVAS recommends or effects transactions in securities in which an HDVAS director, officer, employee or other Advisory Consultant may also invest directly or indirectly. This poses a conflict of interest to the extent that transactions in such securities on behalf of HDVAS Clients may advantage such related persons. HDVAS will not purchase securities of Blucora, Inc., the indirect owner of HDVAS in Program Accounts. HDVAS monitors equity trading activity in Client accounts to ensure that Advisory Consultants' trades are not placed ahead of Client trades which may result in the Advisory Consultant receiving a better price.

Restricted Equity Awards to Certain Advisors. In 2019, HDVAS will award restricted stock units in its ultimate parent company, Blucora, Inc. (Nasdaq: BCOR), to 50 Advisors who achieve the highest dollar amount of advisory net flow over the period October 2018 through September 2019. Advisory net flow is defined as advisory inflow less advisory outflow. Inflows consist of new account assets and any contributions to existing accounts via asset transfer or cash contribution. Outflows consist of advisory accounts closed and withdrawals from existing advisory accounts. Specifically excluded from the calculation of advisory net flow are reinvestments of earnings and advisory fees. HDVAS expects to make similar equity awards in future years.

Calculation of advisory net flow, and an Advisor's receipt of an equity award, has no connection to any particular HDVAS advisory platform, program, product, product type, or product sponsor, nor to the amount of advisory fees HDVAS or the Advisor receives. This equity award program will not affect your account's performance or the costs you pay for participation in the Program. The equity award program may nonetheless create a conflict of interest for your Advisor to recommend that you transfer assets into the Program or not transfer assets out of the Program. HDVAS endeavors at all times to maintain supervisory and compliance controls to ensure that such recommendations are in the best interest of advisory clients, but you should be aware of this potential conflict.

Monitoring Accounts. Accounts and transactions are reviewed for adherence to criteria and guidelines on security selection, concentration, diversification and other restrictions that may apply. These reviews are performed by compliance and sales supervision personnel who provide these services to HDVAS and its affiliates, including HDVIS. The compliance and sales supervision personnel are assisted by various data processing exception reports. They do not review every individual transaction.

Brokerage Practices. Client orders for over-the-counter equities and listed equity securities are routed to other execution venues by NFS as appropriate, with best execution being the highest priority. A number of factors are considered when determining where to send Client orders, including execution speed and price, price improvement opportunities, the availability of efficient and reliable order-handling systems, the level of service provided, and the cost of executing orders. NFS strives to execute all held orders at prices equal to or better than the displayed national best bid/offer price, up to the displayed size, at the time of execution. Not-held orders are worked for best price by the trading desk. NFS may utilize non-affiliated third party Authorized Participants ("APs") when transacting large blocks of ETFs. APs are typically large institutions like market makers or specialists who can create ETFs by trading the underlying securities.

Even though HDVIS is permitted by contract and by law to do so, as a matter of policy we do not execute principal trades or agency cross transactions. HDVAS does not, under normal circumstances, allow Clients to direct brokerage to other firms or custodians. Investing in either Program requires the use of NFS as custodian.

National Financial Services LLC, a Fidelity Investments company. As custodian of your brokerage account, NFS, at the direction of HDVAS, is responsible for:

- The execution, clearance, and settlement of securities transactions
- Preparing and sending transaction confirmations and periodic statements of your account
- The custody (or safekeeping), receipt, and delivery of funds and securities
- The extension of margin credit upon approval

As a registered broker-dealer, NFS is subject to the rules and regulations of the SEC, FINRA, and other exchanges of which NFS is a member, and the MSRB. NFS is also a member of the New York Stock Exchange (NYSE) and SIPC.

Best Execution. For both equity and fixed income securities, HD Vest regularly reviews transactions for quality of execution, and takes action, as appropriate, for Client price improvement and to fulfill our best execution obligations. HDVAS and its affiliates have a Best Execution Committee that reviews trading activity and the vendors and systems we use to process transactions, among other things. Client orders are treated with the same priority and procedural flow as non-advisory brokerage customer trades. HDVAS does not have soft dollar arrangements with its custodians.

HDVAS chooses to use NFS based on several important factors, including the fact that NFS and HDVIS have an agreement currently in place. Other factors are outlined below. The commissions to us and NFS may be higher or lower than those obtainable from other broker-dealers in return for the products and services offered. While we consider our rates competitive, they are not necessarily the lowest possible commission rates available for your account transactions. Not all advisors require their clients to use a specific custodian.

Through the relationship with NFS, we receive economic and non-economic benefits which are taken into account as we evaluate best execution. These benefits include, but are not necessarily limited to:

- A dedicated service group and a Relationship Manager for HD Vest accounts on the NFS platform;
- Receipt of duplicate confirmations and bundled duplicate statements, Online Access for Clients to access their account information;
- Availability of third-party research and technology;
- Access to a trading desk and capital markets;
- Access to operational and platform solutions that are integrated with NFS' offerings;
- Trading and custodial experience;
- The ability to have advisory fees for HDVAS Sponsored Programs directly debited from Client accounts (in accordance with federal and state requirements);
- Electronic download of trades, balances and position information; and
- Access to an electronic communications network for Client order entry and account information.

Trade Allocation Policies. The ability to enter aggregate or bunched trades on the Envestnet platform allows for HDVAS and the Sub-Managers to utilize the feature. This allows an average price for Accounts included in the bunched trade if the entire order does not fill at one price. Average pricing will only occur for trades in the same security entered at the same time and for the same Program or Sub-Manager and only for stocks and ETFs. It is possible that there will be two or more aggregate trades for the same security for the same Program on the same day, i.e., one bunched trade is entered in the morning and one or more are entered later that same day. HDVAS will not generally do an average price calculation across multiple aggregate trades.

Bunched or aggregated trades are entered with specific details for the Client Accounts included in the trade and upcoming allocation of shares (i.e., the number of shares allocated to each Account that is included in the bunched trade) so the Advisory Consultant is not in a position to change the allocation based on execution. In the majority of cases, the complete order will execute at one time eliminating the need for an average price (i.e., the entire order will execute at the same price). If, however, the order does require multiple fills, the price of the different executions will be "averaged" and allocated as originally submitted. If the order does not execute in its entirety, the shares will be allocated on a pro rata basis based on the original aggregated trade. There will be occasions where the pro rata allocation is increased or decreased to avoid holding odd lot or small numbers of shares, especially for smaller accounts. This allocation is determined in good faith in an attempt to be fair and equitable.

Trade Confirmations and Account Statements. To ensure that you remain informed about your Account, NFS delivers trade confirmations and statements to you at least quarterly. You should promptly review all account statements and transaction confirmations to ensure that your Account is being handled in accordance with your instructions, and immediately inform HDVAS in writing of any discrepancies. If you have questions or need additional information regarding your Account, please contact your Advisory Consultant.

Client Referrals and Other Compensation. HDVAS generally does not provide compensation for referrals to the Program. Exceptions are made as approved by the Firm's Advisory Compliance Department. In those limited instances, Clients will receive a separate disclosure regarding the referral compensation associated with their Account.

HDVAS and HDVIS have a referral relationship with one or more unaffiliated banks or credit unions (together "Institutions") that allows for the payment of compensation to these Institutions. The compensation they receive is based on the advisory fee that you pay. If you are introduced to us through one of these arrangements, you will receive a separate written disclosure statement indicating that a referral fee is being paid to the Institution along with the amount of the referral fee. The Institution receives a pre-determined percentage of the fees earned by your Advisory Consultant, and you are not charged an additional amount to offset the referral fee paid to the Institution.

Financial Information. HDVAS has no financial condition that will impair our ability to meet our contractual commitments to you nor do we require prepayment of fees more than 6 months in advance.

Tax Information. HDVAS does not provide tax or legal advice to Client in relation to the Program or any other investment strategy we offer. Securities that transfer in to your Account which are not considered Allowable Securities will be sold without regard to the tax consequences or tax basis for non-qualified accounts. Client should discuss the potential ramifications with their Tax or Legal Professional before allowing the securities to be transferred to the Account.

Custody. For certain accounts, HDVAS is deemed to have custody of your Account assets even though they are maintained at NFS, a qualified custodian. NFS sends account statements to you as outlined previously in this Wrap Fee Brochure, which list your account holdings and account values. In the event of any discrepancy between your quarterly performance reports and your NFS statements, you should rely on the statement from NFS. You should also rely on the NFS statements for the cost basis related to your account holdings.

Investor Resources. HDVAS and its affiliates want you to be an informed investor. Below are resources from the SEC and FINRA that can assist you in choosing an investment professional and making investment decisions. We encourage you to review the information and contact HDVAS or your Advisory Consultant if you have any questions or concerns.

- FDIC website for info on Sweep Program is fdic.gov/deposit/deposits/index.html
- FINRA website for investors with information on investing as well as alerts about current issues and scams and investment tools and calculators available at finra.org/investors
- FINRA BrokerCheck – Check the status of your Advisory Consultant, HDVAS or HDVIS at brokercheck.finra.org
- SEC website for investors with investor news and alerts; information on basic investment principles and investment products; an "Ask and Check" page with resources to research investments, firms and investment professionals available at investor.gov
- SEC Publication: "Investment Advisers: What You Need to Know Before Choosing One" available at sec.gov/investor/pubs/invadvisers.htm
- SEC Publication: "Invest Wisely: Advice From Your Securities Industry Regulators" available at sec.gov/investor/pubs/inws.htm
- SEC Publication: "How Fees and Expenses Affect Your Investment Portfolio" available at Sec.gov/investor/alerts/ib_fees_expenses.pdf
- SIPC website for additional information on Securities Investors Protection Corporation is sipc.org

Appendix 1 Schedule of Fees

Effective September 20, 2018

Individual Retirement Account Fees	\$50.00
Other Annual Account Fees	
Self-Employed 401(k) (Premiere Select Retirement Plan).....	\$35.00
Accounts with Check Writing or Debit Cards	
Brokerage Access Check Writing Only – No Debit Card	No Charge
Brokerage Access with Visa Classic Debit Card	\$75.00
Brokerage Portfolio with Visa Gold Debit	\$100.00
Brokerage Portfolio with Visa Platinum	\$150.00
Ticket Charges	
Mutual Funds Buy or Sell Ticket Charge.....	\$6.95
Equities and ETFs	\$9.95
Bonds (all), UITs, CDs, Corporate Paper, Bankers Acceptance, Mortgage Back Securities	\$11.95
Options	\$11.95 + 0.75 per contract
Mutual Fund Exchanges.....	\$2.95
Transaction Charges	
Other administrative fees may apply to Brokerage Access/Brokerage Portfolio Accounts (check copies, checkbook orders, ATM fees, additional debit card, bounced check fee, stop payment fee, etc.)	
Physical Certificate Issuance ²	\$500.00
Physical Reorg Fee	\$150.00
Direct Registration Service (DRS) Transfer and Ship	\$15.00
Legal Transfer	\$150.00
Legal Return.....	\$75.00
Safekeeping Fee ³ (per certificate per month)	\$15.00
Outgoing Express Mail	\$15.00
Non-IRA Outgoing Wire Transfer – Domestic	\$25.00
IRA Outgoing Wire Transfer – Domestic	\$15.00
Bounced/Returned Check deposited to Standard Brokerage Account	\$25.00
Bounced/Returned Check issued from Brokerage Access/Brokerage Portfolio	\$15.00
Stop Payment Check issued from Standard Brokerage Account.....	\$25.00
Stop Payment Check issued from Brokerage Access/Brokerage Portfolio	\$10.00
Non-Retirement Outgoing Account Transfer Fee (ACAT).....	\$95.00
IRA Termination/Liquidation.....	\$125.00
(waived for clients over 70 ½ or death/disability distribution)	
Self-Employed 401(k) (Premiere Select Retirement Plan) Termination/Liquidation	\$125.00
Trade/Margin Extension Fee.....	\$15.00
Mailgram Fee.....	\$5.00
Alternative Investment Fees⁴	
Sell	\$50.00
Annual Custody & Valuation – Registered.....	\$35.00
Annual Custody & Valuation – Non-Registered.....	\$125.00
Alternate Investment Transfer/Re-Registration Fee	\$50.00

Some of the fees listed above include markups or amounts in addition to charges by HD Vest's clearing firm (National Financial Services LLC), which HD Vest uses to defray other costs associated with its business or that are retained by HD Vest for its own account.*

Interest on any non-retirement cash account debit balances will accrue beginning on the day that the debit is posted to the account and will be charged to the account at 3.00% above the National Financial Base Lending Rate, NFBLR.

HD Vest Investment Services may change this fee schedule at any time. In addition to these fees, please note that certain other operational or other fees or charges may apply. If you have any questions regarding the applicability of these fees, please contact your Advisory Consultant.

² Other charges may apply, such as rush delivery fees.

³ Covers deposit, custody and withdrawal. Only charged on those securities eligible to be held in street name.

⁴ Includes, but not limited to, Limited Partnership (non-exchange), Non-Traded REITS, and Private Equity/Debt. The Annual Custody & Valuation fee is charged per position but shall be capped at \$500 per account per year.

Appendix 2 Important Definitions

12b-1 Fee means a marketing and/or distribution fee paid out of the mutual fund assets pursuant to Rule 12b-1 promulgated under the Investment Company Act of 1940. 12b-1 Fees are distinct from Client or shareholder servicing fees which, although they also may be paid out of fund assets, are not paid pursuant to a Rule 12b-1 fund distribution plan. Though not paid directly by shareholders, these fees increase the expenses shareholders pay and therefore reduce investment returns. NFS has implemented a process to rebate 12b-1 Fees back to the Account for all *VestAdvisor Select* programs.

Advisory Consultant means the HDVAS Investment Advisory Representative assigned to your Account.

Approved Securities means securities HDVAS determines are eligible to be included within the quarterly performance calculation and are included in the Program Fee calculation.

Brochure Supplement means the Form ADV Part 2B Disclosure Document that describes your Advisory Consultant's background, credentials and other material information.

Client Agreement or Agreement means the written *VestAdvisor Select* Client Agreement required to participate in *VestAdvisor Select* which governs the terms and conditions of the Program and associated services, as it may be amended from time to time. The Agreement is part of the Account Application and supplements the SIS.

Educational Partners means the product sponsors or their affiliates that have an agreement with HDVIS to provide additional payments to help defray the educational, training, record-keeping and other costs associated with offering products to Clients.

Exchange-Traded Funds, Products or ETFs - a type of security that is derivatively priced and trades intra-day on a national securities exchange. ETPs are priced so the value is derived from other investment instruments, such as a commodity, a currency, a share price or an interest rate. Our Model Portfolios include exchange-traded notes and exchange-traded funds, referred to throughout this Brochure as ETFs.

Fidelity means Fidelity Clearing & Custody Solutions, which provides clearing, custody, or other brokerage services through its broker-dealer National Financial Services LLC, Member NYSE, SIPC.

Flow Billing means the Account will be charged or refunded a supplemental prorated Program Fee on a monthly basis if there are significant net additions or net withdrawals in the Account during the month. Any additions or withdrawals have a prorated fee applied for the days remaining within the quarter and all additions and withdrawals are netted daily. This prorated adjustment will only occur if the net addition or withdrawal is at least \$10,000. A prorated Program Fee will be assessed in the month following the net addition or net withdrawal. This is effective 10/1/2018.

Form ADV Part 2A, Appendix I or Wrap Fee Brochure means this document, which provides important information about the various programs offered by or through HDVAS and details regarding the *VestAdvisor Select* Program

HDVAS, we, us or the Firm means H.D. Vest Advisory Services, Inc. (d/b/a HD Vest Advisory Services), an investment adviser registered with the SEC, a wholly-owned subsidiary of H.D. Vest, Inc.

HD Vest means H.D. Vest, Inc. which is the holding company for the group of companies providing financial products and services under the HD Vest name.

HDVIS means H.D. Vest Investment Securities, Inc. (d/b/a HD Vest Investment Services), a broker-dealer registered with the SEC, and a wholly-owned subsidiary of H.D. Vest, Inc. HDVIS is an affiliate under common control with HDVAS, and serves as the introducing broker-dealer to NFS with respect to your Account.

Unapproved Securities means investments that HDVAS has determined are not eligible to be included in the quarterly performance calculation and are not included in the Program Fee calculation.

Discretionary Trading Authorization Form or DTA means written authority given by the Client to HDVAS to execute trades on a discretionary basis without receiving specific permission first.

National Financial Services LLC, NFS or Custodian provides clearing, custody, or other brokerage services to HDVAS clients. NFS is a Member of NYSE and SIPC and is part of Fidelity Clearing & Custody Solutions[®].

Quarterly Performance Report means the quarterly report which provides *VestAdvisor Select* Clients important information about their investment portfolio and the investment performance of their Account.

Related Accounts means Accounts grouped together for purposes of qualification, reduced pricing and, where requested, consolidated reporting, of advisory Programs offered by or through HDVAS.

SEC means the U.S. Securities and Exchange Commission (more information available at www.sec.gov).

SIPC means the Securities Investor Protection Corporation, a federally mandated, non-profit corporation that administers the federal program that protects brokerage account investors against loss in the event of a broker-dealer member's insolvency and liquidation by replacing missing securities and cash up to a maximum of \$500,000 per Client, including a maximum of \$250,000 on claims for cash. SIPC does not protect against losses from market fluctuations. (More information available at www.sipc.org)

Statement of Investment Selection or SIS means the questionnaire that collects information about you and your investment objective, risk tolerance and financial situation ("Client Profile") and which is required to open an Account.

Appendix 3 Brochure Supplement, James Hickey

The following provides additional information about James Hickey, the Chief Investment Strategist of HD Vest Advisory Services. Additional information is also available on the SEC's website, adviserinfo.sec.gov.

Business Experience

HD Vest Investment Services
HD Vest Advisory Services
Chief Investment Strategist & Vice President
6/2017 to Present

FDO Partners LLC
Vice President and Portfolio Manager
8/2015 to 5/2017

RiverRock Group
CEO & CIO
6/2007 to 7/2015

Mr. Hickey was born in 1972. He has a BA from Harvard University and a Masters of Business Administration from the University of Pennsylvania. He earned his Chartered Financial Analyst® (CFA®) designation in September, 2002. He has no legal or disciplinary events and is paid a salary and a bonus from HD Vest.

Mr. Hickey is responsible for the investment decisions in the *VestAdvisor Select* advisory program's non-customized model portfolios. He reports directly to Robert D. Oros, Chief Executive Officer for HD Vest and is also subject to the HDVAS's policies and procedures as well as guidelines established for the advisory program. Mr. Hickey has additional reporting requirements to various committees of HD Vest under its internal governance policies. The Chief Compliance Officer is responsible for administering HDVAS's policies and procedures for investment advisory activities. The telephone number for the Advisory Compliance Department is 800-821-8254.

Mr. Hickey may provide non-compensated consulting advice to the following non-investment related business owned and operated by his wife, Butterfly Ventures. He also has informal conversations with the CEO of Health Data Analytics, a non-investment related data mining company and on occasion serves as a minimally compensated contractor with non-competitors.

To earn the CFA® designation, an individual participates in a self-study program with a curriculum consisting of three levels. Each level requires approximately 250 hours of study. There are no continuing education requirements. Areas of study involve fundamental investment principles, such as ethical and professional standards, economics, quantitative methods, corporate finance, portfolio management and wealth planning. The program's professional conduct requirements demand that both CFA® candidates and charter holders adhere to the highest standards of ethical responsibility.

Chartered Financial Analyst® and CFA® are trademarks owned by CFA Institute.

Appendix 4 Suitability of Fee Based Programs

Depending on your particular needs, you can choose different types of accounts, programs, products and levels of services offered through various HD Vest companies. These choices have important implications in terms of the legal rights and responsibilities that attach to your relationship with HD Vest, the compensation earned by HD Vest and Advisory Consultants, and the disclosures you receive. You should take these considerations into account when deciding which type of account best suits your individual needs.

With a commission-based brokerage account (or investments made through HDVIS directly with a product sponsor), HDVIS has no duty to provide ongoing advice and the primary service you are obtaining is the recommendation and execution of individual securities transactions. Most Advisory Consultants with HDVAS are also registered representatives of HDVIS. In their role as a registered representative of HDVIS, any advice provided is solely incidental to the recommended transaction, and neither HDVIS or its registered representatives have an ongoing obligation to monitor your account after the transaction is executed. HDVIS also has a more limited obligation to disclose information about conflicts of interest than HDVAS. HDVIS is compensated by the sales commission you pay on transactions you execute and other brokerage account fees; you do not pay a separate fee for (nor do you receive) ongoing advice.

The primary service HDVAS offers is ongoing management of your accounts through our *VestAdvisor*[®], *VestAdvisor Select*[®], *VestAdvisor*[™] and *VestStrategist*[™] programs. As an investment adviser, HDVAS acts as a fiduciary as defined by applicable law and is required to provide additional disclosure (e.g., this Wrap Fee Brochure) which contains information about your account and material conflicts of interest, among other things. Unlike in a brokerage account, HDVAS clients do not pay sales commissions on individual transactions and instead pay an ongoing fee based on the value of assets in the Account. In the case of financial planning, Clients will pay either a flat fee or a percentage of assets. (Financial planning services are not on-going.) The compensation earned by HDVAS is not tied directly to the number or size of transactions in your Account, and Advisory Consultants do not have an incentive to recommend transactions to generate additional sales commissions. On the other hand, HDVAS and your Advisory Consultant will earn the Program Fee for the ongoing advice they provide, regardless of whether you execute any transactions. In some advisory programs, you will also pay some or all ticket charges incurred in your account in addition to the program fee.

You should consider the importance and value of ongoing advisory services (including ongoing advice) when comparing various options for obtaining advice, custody and safekeeping, reporting and trade execution. You should also consider your anticipated trading activity when selecting between different types of accounts and assessing your overall cost. If there are prolonged periods of infrequent trading or your portfolio contains significant cash holdings, an advisory account will probably result in higher overall expenses than if commissions were paid separately for each transaction. If you do not need ongoing advice and do not anticipate at least a moderate amount of trading, or if you would rather pay your investment professional based on each transaction you execute, a brokerage account is often the right choice for you. There is no long-term commitment with any program offered by HDVAS and you can cancel your participation in the Program at any time if your needs or objectives change, or if you do not feel that you are receiving value in exchange for the program fee you are paying.

This information is not intended to address all issues or questions concerning differences between brokerage and advisory accounts. When considering a fee-based program you should understand the different investment solutions that are available to you. For example, you could decide that you want a brokerage account for certain investments and an advisory account for others. You should discuss the different account and service options and ask any questions you need answered before investing. If you have questions about the difference between brokerage and advisory accounts or would like to see our Wrap Fee Brochures on other advisory programs and services offered by HDVAS, ask your Advisory Consultant or contact the HD Vest Compliance Department at (800) 821-8254.