

Additional Compensation From Product Sponsors and Harbour Representatives/IARs Resulting In Conflicts of Interest

Harbour and its Investment Adviser Representatives (“IARs”) have a duty to disclose potential and actual conflicts of interest to their clients. IARs also have a duty to report potential and actual conflicts of interest to their advisory firms. IARs should not attempt to limit their liability for willful misconduct or gross negligence through the use of disclaimers. A copy of Harbour’s Code of Ethics which explains this further to clients is available upon request.

Accounts receiving management services within a wrap fee program are monitored by a client’s IAR on a continuous basis and the frequency of client reviews are determined by the investment mix of the account and the desire of the client. Such reviews may also be triggered by economic news, news about a particular security, client requests, and change in client’s personal or financial situation, securities research, deposits to or withdrawals from an account or other events.

IARs may conduct investment advisory activities under separate unaffiliated business names. All client funds must be made payable to the corresponding custodian, not the IAR or their unaffiliated business.

Harbour and its IARs enter agreements with solicitors to refer clients to Harbour for investment advisory services. Any compensation paid by Harbour to the solicitors is based on the client executing an advisory agreement with Harbour. Compensation to the solicitor is paid based on a written agreement between Harbour and the solicitor. Solicitors are required to provide the client with a copy of Harbour’s Form ADV Part 2A and an Investment Advisory Solicitors Disclosure Form which sets out certain criteria. Clients acknowledge receipt of these disclosures by signing the Investment Advisory Solicitors Disclosure Form.

Clients provided asset management services receive account reports prepared by Pershing Advisor Solutions (“PAS”), Charles Schwab Advisor Services division of Charles Schwab & Co., TD Ameritrade Institutional, and other approved custodians on a monthly or quarterly basis. In addition, a report may be prepared by Harbour and IAR according to the frequency agreed upon between IAR and client.

Registered investment advisers are required to provide certain financial information or disclosures about Harbour’s financial condition. Harbour has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

For those clients purchasing or depositing mutual funds with Harbour and custodians, Harbour will select or convert the share class of a mutual fund holding to a lower cost share class of the same mutual fund, if available, if this otherwise makes economic sense and is in the best interest of the client. Each mutual fund, as well as each clearing firm custodian has minimum purchase amounts. A clearing firm custodian may charge for a mutual fund share class conversion. A review will be conducted on these accounts to determine if a share class conversion makes sense for the client. Harbour will consult with the client regarding share class conversions.

Harbour receives additional compensation based on a fixed amount, flat fee, a formula based on assets under management, or expense reimbursements (“Additional Compensation”) from certain product sponsors who are considered “participating sponsors”. These payments are paid to Harbour out of the revenues of the sponsoring investment company, registered investment adviser, insurance or financial company and are NOT paid out of client assets. Harbour uses this Additional Compensation to assist in training, education, and marketing services. Our 2021 participating sponsors include Advisors Excel, American Funds, CION, Cove Capital, Equitable, First Trust, GCU, Griffin Capital, Inland, Jackson National, Lincoln Financial, Nationwide, Prudential, Q3 Asset Management, US Energy, Versity, and VOYA Financial. The participating sponsors’ additional compensation paid to Harbour ranged from \$500.00 to \$89,378.77.

In return for this Additional Compensation, Harbour’s Participating Sponsors have greater access to IARs and also registered representatives for product training and other educational presentations and information so they can better serve investors. This creates a conflict of interest for Harbour, its IARs and registered representatives since it may incentivize them to focus on these sponsors when recommending products to clients instead of similar products from non-sponsors that have more limited access. Clients are advised of this conflict and are informed that they are not required to purchase any product from a participating sponsor who pays Harbour and its IARs Additional Compensation. When making a recommendation, if Harbour receives such additional compensation, it will disclose this fact to the client at the time the recommendation is made.

Harbour and its IARs receive 12b-1 fees from certain mutual fund companies as described in the fund’s prospectus. 12b-1 fees typically are expenses of the mutual fund which reduce the overall return a client may receive on a mutual fund investment. The receipt of such fees by Harbour, its IARs and registered representatives also results in a conflict of interest for Harbour and its IARs since there is an incentive to recommend funds with 12b-1 fees over funds that have no fees or lower fees. Clients are free to choose funds which do not pay 12b-1 concessions. Such funds, often called an “advisory” fund or “institutional share” fund usually makes a better low-cost choice and offers the same or virtually the same product as funds which pay 12b-1 fees to Harbour and/or its

representatives/advisers. Where it makes economic sense and like alternatives are available, Harbour will recommend products for clients that do not pay 12b-1 fees.

Some insurance companies pay periodic bonus payments to the representative or adviser which creates a conflict or potential conflict which could influence the representative or adviser to recommend the insurance company's product now and/or in the future. The client is free to choose a different product which does not make such payments.

Harbour also sponsors certain reward/incentive programs to its registered representatives and IARs. Approximately 40% of producing representatives/IARs receive recognition and some form of monetary benefit based on the representative/IAR's total revenue and production each year. This benefit includes free hotel rooms and special dinner at annual Harbour conference, a gift valued at approximately \$100, an award and monetary credit toward an annual trip Harbour offers its representatives/IARs. Receipt of these benefits is a conflict of interest since it incentivizes representatives/IARs to generate revenue and, under some circumstances, impacts a recommendation to a client made by a representative/IAR. Clients are advised of this conflict and are free to deal with representatives/IARs who do not participate in these programs.

Additional Compensation for Expense Reimbursement - Harbour representatives receive expense reimbursement from entities which include but are not limited to product sponsors. Typically, this may include reimbursement for the costs of seminars, client get-togethers, meals, travel, lodging and other expense reimbursement. These reimbursements do not impact client funds or performance since they are not paid directly or indirectly from client assets. Nonetheless, the receipt of expense reimbursement creates a conflict of interest for registered representatives receiving it, since it may cause representatives to favor recommendations of entities and products of reimbursing entities over those entities not providing such reimbursement. Representatives will advise clients as part of any recommendation whether they receive such expense reimbursement. Clients are free at all times upon disclosure to select products and services from entities not providing registered representatives expense reimbursement.