



## **HEXAGON CAPITAL PARTNERS, LLC**

*a Registered Investment Adviser*

2107 S 54<sup>th</sup> Street  
Rogers, AR 72758

(479) 340-0115

7 March, 2023

[www.hexagoncapitalpartners.com](http://www.hexagoncapitalpartners.com)

This brochure provides information about the qualifications and business practices of Hexagon Capital Partners, LLC a SEC registered investment advisor. Any questions about the contents of this brochure may be directed to (479) 340-0115. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Hexagon Capital Partners is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 Material Changes**

Pursuant to SEC rules, Hexagon Capital Partners, LLC will ensure that clients receive a summary of any material changes to this and subsequent disclosure brochures within 120 days after the firm's fiscal year end, December 31. This means that if there were any material changes over the past year, clients will receive a summary of those changes no later than April 30. At that time, Hexagon Capital Partners will also offer a copy of its most current disclosure brochure and may also provide other ongoing disclosure information about material changes as necessary. If there are no material changes over the past year, no notices will be sent.

Clients and prospective clients can always receive the most current disclosure brochure for Hexagon Capital Partners at any time by contacting their investment advisor representative.

We may, at any time, update this brochure. We expect to update this brochure no less than annually.

Since our last annual update on 03/23/2022, the Firm has no material changes to report.

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## **Item 4 Advisory Business**

### **A. Firm Description**

Hexagon Capital Partners, LLC (“HCP” or the “Firm”) is an SEC registered investment advisor. HCP was founded in October 2019.

The Chief Compliance Officer of HCP is Brent T. Henry. HCP is owned by Brent T. Henry, Dustin C. Colebank, Joshua McCaslin and John M. Hudson.

### **B. Types of Advisory Services**

The Firm offers a large variety of services, including portfolio management, investment analysis and financial planning for individuals and high net worth individuals. Services include; Business Planning, Cash Flow Forecasting, Trust and Estate Planning, Financial Reporting, Investment Consulting Insurance Planning, Retirement Planning, Risk Management, Charitable Giving, Distribution Planning, Tax Planning, Manager Due Diligence.

#### *Wealth Management Services*

HCP provides wealth management services which can include a broad range of financial planning and consulting services described below, as well as discretionary management of investment portfolios.

HCP largely allocates client assets among various mutual funds, exchange-traded funds (“ETFs”) and independent investment managers (“Independent Managers”) in accordance with their stated investment objectives. Some accounts may also have individual debt and equity securities and options.

When appropriate, the Firm may also provide advice about legacy positions or other investments held in client portfolios. Clients may engage HCP to manage and/or advice on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). HCP directs or recommends the allocation of client assets among the various investment options available with the product. Assets are generally maintained at the underwriting insurance company or the custodian designated by the product’s provider.

HCP tailors its advisory services to meet the requirements of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed to meet the client’s specific objectives. HCP consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify HCP if there are changes in their financial situation or if they wish to place any boundaries on the management of their portfolios. Clients can impose reasonable restrictions or mandates on the management of their accounts if HCP determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm’s management efforts.

## *Financial Planning and Consulting Services*

HCP offers a broad range of financial planning and consulting services, including any or all of the following services:

- Business Planning
- Cash Flow Forecasting
- Trust and Estate planning
- Financial Reporting
- Investment Consulting
- Insurance Planning
- Retirement Planning
- Risk Management
- Charitable Giving
- Distribution Planning
- Tax Planning
- Manager Due Diligence

These services are provided in coordination with wealth management services, as noted above. Clients retain absolute discretion over implementation of recommendations and are under no obligation to act upon any recommendation made by HCP under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to notify the Firm of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising HCP's recommendations and/or services.

HCP relies on any information it receives from clients or client's agents (e.g., attorneys, accountants, etc.). HCP is not required to verify any information received from these sources.

From time to time, HCP may recommend certain clients engage HCP for additional related services, such as Supervised Persons in their capacity as insurance agents and other professionals to implement recommendations. Clients should be aware this constitutes a conflict of interest for the Firm and that these additional services do provide compensation separately from the Financial Planning compensation.

### *Use of Independent Managers*

HCP selects certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Manager.

HCP evaluates a variety of information about Independent Managers, which includes the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. HCP also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

HCP continues to provide services relative to the discretionary selection of the Independent Managers. The Firm monitors the performance of accounts with Independent Managers on an ongoing maintain. HCP seeks to ensure the strategies and target allocations implemented by Independent Managers are aligned with clients' investment objectives and overall best interests.

### **C. Services Tailored to Clients' Needs**

Services are provide based on a clients' specific needs within the scope of the serviced as discussed above. A review of the information provided by the client regarding the client's current financial situation, goals, and risk tolerances will be performed. Advice will be provided based on the available information.

### **D. Wrap Fee Program**

HCP does not offer a Wrap Fee Program.

### **E. Assets Under Management**

As of December 31, 2022, HCP has client assets under management of \$729,928,980. All assets are managed on a discretionary basis.

## **Item 5 Fees and Compensation**

In addition to the information provided in the Advisory Business section, this section provides details regarding Firm services along with descriptions of each service's fees and compensation arrangements.

### **A. Compensation Description**

#### *Advisory Services*

The Firm bases its management fee on a percentage of assets under management per annum. This management fee varies between 15 and 125 basis points (0.15-1.25%), depending upon the size and composition of a client's portfolio and the type and amount of services rendered. Different fees may be charged for different asset types or services.

The annual fee is prorated and charged quarterly, in arrears, based on the average daily balance of the account being managed by HCP during the previous quarter. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination, and the outstanding or unearned portion of the fee is refunded to the client. Fees are billed quarterly in arrears.

In addition, for asset management services the Firm provides with respect to certain client holdings (e.g. held-away assets, accommodation accounts, alternative investments, etc.), HCP may negotiate a fee rate that differs from the range set forth above.

#### *Financial Planning Services (Plans and Consultations)*

HCP offers wealth management services for an annual fee based on the amount of assets under the Firm's management. This management fee varies between 25 and 125 basis points (0.25% – 1.25%), depending upon the size and composition of a client's portfolio and the type and amount of services rendered. Different fees may be charged for different asset types or services.

The annual fee is prorated and charged quarterly, in advance, based upon the average daily balance of the account being managed by HCP during the previous quarter. For the initial period of an engagement, the fee is calculated on a pro rata basis based on the value of the account under firm management on the date the fee is deducted. In the event the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination, and the outstanding or unearned portion of the fee is refunded to the client.

## **B. Payment of Fees**

HCP may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities.

### *Direct Fee Debits*

Clients provide HCP and/or certain Independent Managers with the authority to directly debit their accounts for payment of the investment advisory fees. The financial Institutions that act as the qualified custodian for client accounts, from which the Firm retains the authority to directly deduct fees, have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to HCP.

## **C. Third Party/Custodian Fees**

Custodians may charge transaction fees on purchases or sales of securities. These transaction charges are usually small and incidental to the purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Mutual funds generally charge a management fee for the services of the investment managers in charge of the funds. The management fee is called an expense ratio. For example, an expense ratio of 0.5 means that the mutual fund company charges 0.5% for their services per annum. These fees are in addition to the fees paid by a client to HCP. This will reduce net investment returns on clients' portfolios. Performance figures quoted by mutual fund companies in various publications are after their fees have been deducted.

Other examples of additional fees include securities brokerage commissions, custodial fees, fees charged by the Independent Managers, margin costs, charges imposed directly by an ETF in a client's account, as disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions

### *Use of Margin*

HCP can recommend that certain clients utilize margin in the client's investment portfolio or other borrowing. HCP generally expects to recommend such borrowing for the use of options for certain clients, as well as non-investment needs, such as bridge loans and other financing needs. The Firm's fees are determined based upon the value of the assets being managed gross of any margin or borrowing.

### *Account Additions and Withdrawals*

Clients can make additions to and withdrawals from their account at any time, subject to HCP's right to terminate an account. Additions can be in cash or securities provided that the Firm reserves the right to liquidate any transferred securities or declines to accept particular securities into a client's account. Clients can withdraw account assets on notice to HCP, subject to the usual and customary securities settlement procedures. However, the Firm designs its portfolios as long-term investments, and the withdrawal of assets may impair the achievement of a client's investment objectives. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

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

Hexagon Capital Partners does not charge or accept performance-based fees.

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

Hexagon Capital Partners provides investment advice to many different types of clients. These clients generally include; charitable organizations, pension, plans, individuals, trusts, estates, corporations and other types of business entities.

#### **A. Minimum Account Size**

The Firm does not require a minimum account size. Third-party managed programs generally have account minimum requirements, and these minimum requirements vary from manager to manager. Account minimums are generally higher on fixed income accounts than equity-based accounts.

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

#### **A. Methods of Analysis**

The Firm may use the following methods when considering investment strategies and recommendations.

##### *Charting Review*

Charting is a technical analysis that charts the patterns of stocks, bonds, and commodities to help determine buy and sell recommendations for clients. It is a way of gathering and processing price and volume information in a security by applying mathematical equations and plotting the resulting data onto graphs in order to predict future price movements. A graphical historical record assists the analyst in spotting the effect of key events on a security's price, its performance over a period of time, and whether it is trading near its high, near its low or in between. Chartists believe that recurring patterns of trading, commonly referred to as indicators, can help them forecast future price movements.



### *Fundamental Review*

Fundamental analysis is a method of evaluating a company or security by attempting to measure its intrinsic value. Fundamental analysis attempts to determine the true value of a company or security by looking at all aspects of the company or security, including both tangible factors (e.g., machinery, buildings, land, etc.) and intangible factors (e.g., patents, trademarks, “brand” names, etc.). Fundamental analysis also involves examining related economic factors (e.g., overall economy and industry conditions, etc.), financial factors (e.g., company debt, interest rates, management salaries and bonuses, etc.), qualitative factors (e.g., management expertise, industry cycles, labor relations, etc.), and quantitative factors (e.g., debt-to-equity and price-to-equity ratios).

The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price with the aim of determining what sort of position to take with that security (e.g. if underpriced, the security should be bought; if overpriced the security should sold). Fundamental analysis uses real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for many types of securities.

### *Technical Review*

Technical analysis is a method of evaluating securities that analyzes statistics generated by market activity, such as past prices and volume. Technical analysis does not attempt to measure a security's intrinsic value, but instead uses past market data and statistical tools to identify patterns that can suggest future activity. Historical performance of securities and the markets can indicate future performance.

### *Cyclical Review*

Cyclical analysis assumes the market reacts in reoccurring patterns that can be identified and leveraged to provide performance. Cyclical analysis of economic cycles is used to determine how these reoccurring patterns, or cycles, affect the returns of a given investment, asset, or company. Cyclical analysis is a time-based assessment which incorporates past and present performance to determine future value. Cyclical analyses exist because the broad economy has been shown to move in cycles, from periods of peak performance to periods of low performance. The risks of this strategy are two- fold: (1) the markets do not always repeat cyclical patterns; and (2) if too many investors begin to implement this strategy, it changes the very cycles of which they are trying to take advantage.

### *Economic Review*

Economic analysis determines the economic environment over a certain time horizon. This involves following and updating historic economic data such as U.S. gross domestic product and consumer price index as well as monitoring key economic drivers such as employment, inflation, and money supply for the world’s major economies.

## **B. Investment Strategies**

When implementing investment advice to clients, the Firm may employ a variety of strategies to best pursue the objects of clients. Depending on market trends and conditions, HCP will employ any

technique or strategy herein described, at the Firm's discretion and in the best interests of the client. The Firm does not recommend any particular security or type of security. Instead, the Firm makes recommendations to meet a particular client's financial objectives. There is inherent risk to any investment and clients may suffer loss of ALL OR PART of a principal investment.

### *Long-Term Purchases*

Long-term purchases are securities that are purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Long-term purchases may be affected by unforeseen changes in the company in which a client is invested or in the overall market. Long term trading is designed to capture market rates of both return and risk. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Due to its nature, the long-term strategy can expose clients to various other types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include, but are not limited to, inflation (purchasing power) risk, interest rate risk, economic risk, and political/regulatory risk.

### *Short-Term Purchases*

Short-term purchases are securities that are purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations. Short-term trading generally holds greater risk. Frequent trading can affect investment performance due to increased brokerage fees and other transaction costs and taxes.

### Strategic Asset Allocation

Asset allocation is a combination of several different types of investments; typically, this includes stocks, bonds, and cash equivalents among various asset classes to achieve diversification. The objective of asset allocation is to manage risk and market exposure while still positioning a portfolio to meet financial objectives. HCP uses a third-party AI company to optimize asset allocations in financial portfolios.

## **C. Risk of Loss**

Investing inherently involves risk up to and including loss of the principal sum. Further, past performance of any security is not necessarily indicative of future results. Therefore, future performance of any specific investment or investment strategy based on past performance should not be assumed as a guarantee. HCP does not provide any representation or guarantee that the financial goals of clients will be achieved.

The potential return or gain and potential risk or loss of an investment varies, generally speaking, with the type of product invested in. Below is an overview of the types of products available on the market and the associated risks of each:

### *Market Risk*

The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular

underlying circumstances. For example, political, economic, and social conditions may trigger market events.

#### *Interest-rate Risk*

Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds may become less attractive, causing their market values to decline.

#### *Inflation Risk*

When inflation risk is present, the purchasing power of a sum of money may be greater presently than the same amount in the future.

#### *Prepayment Risk*

The returns on the collateral for a loan or debt can change dramatically if the debtors prepay the loans earlier than scheduled.

#### *Currency Risk*

Overseas investments are subject to fluctuations in the value of the dollar against the current of an investment's originating country. This risk is also sometimes referred to as exchange rate risk.

#### *Reinvestment Risk*

Future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

#### *Business Risk*

There may be risks associated with some industries, sectors, or companies within an industry or sector.

#### *Liquidity Risk*

Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if there is a large market for a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.

#### *Equity (Stock) Market Risk*

The value of an equity security, such as company stock, is subject to market risk, including changes in economic conditions, growth rates, profits, interest rates, and the market's perception of the security. While offering greater potential for long-term growth, equity securities are more volatile and riskier than some other forms of investments.

#### *Options Risk*

Options are contracts allowing a party the 'option' to buy or sell a security at a given price. Option securities are subject to greater fluctuations in value than investing in the underlying securities.

Purchasing and writing put or call options are highly specialized activities and involve greater than ordinary investment risk.

#### *Fixed-Income Risk*

Prices of fixed income securities tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect fixed income security prices. The longer the effective maturity and duration of the client's portfolio, the more the portfolio's value is likely to react to interest rates.

#### *Exchange Traded Fund ("ETF") and Mutual Fund Risk*

Mutual Funds are instruments that give small or individual investors access to professionally managed portfolios of equities, bonds, and/or other securities. Each shareholder participates proportionally in gains or losses. Factors which determine the price to invest in mutual fund shares include both the per share net asset value (NAV) and additional fees for operating the mutual fund. Investors may pay sales charges, annual fees, and other expenses regardless of performance, and investors typically cannot ascertain the exact composition of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the time of those trades.

ETFs represent an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 index. Unlike open-end mutual funds, the shares of ETFs and close-end investment companies are not purchased and redeemed by investors directly with the fund but instead are purchased and sold through broker-dealers in transactions on a stock exchange. Because ETF and closed-end fund shares are traded on an exchange, they may trade at a discount from or a premium to the next asset value per share of the underlying portfolios of securities. In addition to bearing the risks related to investments in equity securities, investors in ETFs intended to replicate a securities index bear the risk that the ETF's performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds, and other investment companies bear a proportionate share of the expenses of those funds including management fees, custodial and accounting costs, and other expenses. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.

#### *Management Risk*

Any investment strategy may meet with varying degrees of success and/or failure. Specific securities as well as overall strategies may perform less than expected, which in turn may produce lower returns or decrease the investment principal.

#### *Alternative Investment Risk*

Alternative investments include investment into partnerships, alternative mutual funds, non-traditional ETFs, managed futures, and/or real estate investments, as well as utilizing derivative instruments, such as options, futures, or index-based instruments, and/or leverage strategies. These investments entail a high degree of risk. It is possible to experience total loss or a substantial loss of principal investment. In the absence of a public market for these securities, there is lack of liquidity and an expected investment time horizon usually in excess of five years. There are no guarantees that distributions and/or payments of distributions will be received and can decrease or diminish overtime.

### *Real Estate Related Securities Risk*

Investing in real estate related securities includes, among others, the following risks: possible declines in the value of real estate; risks related to general and local economic conditions, including increases in the rate of inflation; possible lack of availability of mortgage funds; overbuilding; extended vacancies of properties; increases in competition, property taxes and operating expenses; changes in zoning laws; costs resulting from cleanup of and liability to third parties for damages resulting from environmental problems; casualty or condemnation losses; uninsured damages from floods, earthquakes, or other natural disasters; limitations on and variations in rent; and changes in interest rates. Investing in Real Estate Investment Trusts (“REITs”) involves certain unique risks in addition to those risks associated with investing in the real estate industry in general. REITs are dependent upon management skills, are not diversified, and are subject to heavy cash flow dependency, default by borrowers, and self-liquidation.

### *Municipal Bond Risk*

Municipal securities issuers may face local economic or business conditions (including bankruptcy) and litigation, legislation, or other political events that could have a significant effect on the ability of the municipality to make payments on the interest or principal of its municipal bonds. In addition, because municipalities issue municipal securities to finance similar types of projects, such as education, healthcare, transportation, infrastructure, and utility projects, conditions in those sectors can affect the overall municipal bond market. Furthermore, changes in the financial condition of one municipality may affect the overall municipal bond market. The municipal obligations in which clients invest will be subject to credit risk, market risk, interest rate risk, credit spread risk, selection risk, call and redemption risk, and tax risk, and the occurrence of any one of these risks may materially and adversely affect the value of the client’s assets or profits.

### *Structured Note Risk*

Structured products are designed to facilitate highly customized risk-return objectives. This is accomplished by taking a traditional security, such as a conventional investment grade bond, and replacing the usual payment features (e.g., periodic coupons and final principal) with non-traditional payoffs derived not from the issuer’s own cash flow, but from the performance of one or more underlying assets. The payoffs from these performance outcomes are contingent in the sense that if the underlying assets return “x,” then the structured product pays out “y.” This means that structured products closely relate to traditional models of option pricing, though they may also contain other derivative types such as swaps, forwards, and futures, as well as embedded features such as leveraged upside participation or downside buffers. Structured products include all risks from options, plus additional risks including counterparty risk, liquidity risk, pricing risk, and credit risk of the issuer.

## **Item 9 Disciplinary Information**

Registered investment advisers are required to disclose any legal or disciplinary events that are material to a client’s or prospective client’s evaluation of the advisory business or integrity of the firm’s management.

Hexagon Capital Partners has no disciplinary disclosures.

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

Hexagon Capital Partners related persons may have relationships with other investment advisors, financial planning firms, insurance companies or agencies, pension consultants and/or real estate brokers or dealers. These relationships are not material to HCP's advisory business. Specific information about these relationships are fully disclosed in the representative's brochure supplement, when applicable.

When referring clients to third-party money managers, Hexagon Capital Partners receives a portion of the fees generated from the referral. Since each money manager has a separate agreement with Hexagon Capital Partners, each agreement will have a different percentage of the fee paid to HCP which is disclosed to the client in the money manager's paperwork. This can provide an incentive for representatives to recommend one money manager over another.

## **Item 11 Code of Ethics, Conflicts of Interest, and Personal Trading**

### **A. Fiduciary Status**

According to the Investment Advisors Act of 1940, an investment advisor is considered a fiduciary. As a fiduciary, it is an investment advisor's responsibility to provide fair and full disclosure of all material facts. In addition, an investment advisor has a duty of utmost good faith to act solely in the best interest of each of its clients. Hexagon Capital Partners and its representatives have a fiduciary duty to all clients. Hexagon Capital Partners and its representatives' fiduciary duty to clients is considered the core underlying principle for Hexagon Capital Partners Code of Ethics and represents the expected basis for all representatives' dealings with clients. Hexagon Capital Partners has the responsibility to ensure that the interests of clients are placed ahead of it or its representatives' own investment interest. All representatives will conduct business in an honest, ethical, and fair manner. All representatives will comply with all federal and state securities laws at all times. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to services being conducted. All representatives have a responsibility to avoid circumstances that might negatively affect or appear to affect the representatives' duty of complete loyalty to their clients.

### **B. Description of Code of Ethics**

In view of applicable provisions of relevant law, HCP has adopted a Code of Ethics in its Employee Policies and Procedures Manual to specify and prohibit certain types of transactions deemed to create conflicts of interest (or the potential or appearance of such conflicts) and to establish reporting requirements and enforcement procedures relating to personal trading by HCP personnel. The Code of Ethics is available to any client or prospective client upon request.

Hexagon Capital Partners has established a Code of Ethics which all representatives and those people defined as access persons must read and then execute an acknowledgement stating that they understand and agree to comply with Hexagon Capital Partners Code of Ethics.

## **C. Employee Trading**

Hexagon Capital Partners or its representatives may buy or sell securities or have an interest or position in a security for their personal account, which they also may recommend to clients. Hexagon Capital Partners is and shall continue to be in compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. As these situations may represent a potential conflict of interest, it is a policy of Hexagon Capital Partners that no representative shall prefer his or her own account to that of the advisory client. Representatives may not trade the same security in their personal account on the same day as they trade it in a client's account unless the trades are executed in an average price account that allows all accounts to receive the same price, or if the client receives a better price than his or her representative.

## **Item 12 Brokerage Practices**

### **A. Selection and Recommendation**

HCP has a duty to select brokers, dealers and other trading venues that provide best execution for clients. The duty of best execution requires an investment adviser to seek to execute securities transactions for clients in such a manner that the client's total cost or proceeds in each transaction is the most favorable under the circumstances, taking into account all relevant factors. The lowest possible commission, while very important, is not the only consideration. The brokers dealers HCP current utilizes Charles Schwab & Co, Inc. through its Schwab Advisor Services division ("Schwab") for investment management accounts. Transactions may be cleared through other broker-dealers with whom the Firm and its custodians have entered into agreement for prime brokerage clearing services. Should an account make use of prime brokerage, the Client may be required to sign an additional agreement, and additional fees may be charged.

It is the policy of the Firm to seek best execution in all portfolio trading activities for all investment disciplines and products, regardless of whether commissions are charged. This applies to trading in any instrument, security, or contract including equities, bonds, and forward or derivative contracts.

The standards and procedures governing best execution are set forth in several written policies. Generally, to achieve best execution, HCP considers the following factors, without limitation, in selecting brokers and intermediaries:

- Execution capability;
- Order size and market depth;
- Availability of accurate information comparing markets;
- Responsiveness
- Financial responsibility of the broker- dealer;
- Ability and willingness to commit capital;
- Available technology
- Availability of competing markets and liquidity;
- Trading characteristics of the security;
- Quantity and quality of research received from the broker dealer;
- Recordkeeping
- Confidentiality
- Reputation and integrity;
- Ability to address current market conditions

HCP evaluates the execution, performance and risk profile of the broker-dealers it uses at least annually.

## **B. Research and Other Soft Dollar Benefits**

Soft dollar practices are arrangements whereby an investment adviser directs transactions to a broker-dealer in exchange for certain products and services that are allowable under SEC rules. Client commissions may be used to pay for brokerage and research services and products as long as they are eligible under Section 28(e) of the Exchange Act of 1934. Section 28(e) sets forth a “safe harbor,” which provides that an investment adviser that has discretion over a client account is not in breach of its fiduciary duty when paying more than the lowest commission rate available if the adviser determines in good faith that the rate paid is commensurate with the value of brokerage and research services provided by the broker-dealer.

Hexagon Capital Partners does not currently have any soft dollar benefit arrangements.

## **C. Brokerage for Client Referrals**

HCP does not receive client referrals from third parties for recommending the use of specific broker-dealer brokerage services.

## **D. Directed Brokerage**

Securities transactions are executed by brokers selected by HCP in its discretion and without the consent of clients. HCP generally will require clients to direct the Firm to execute transactions through a specified broker-dealer. Not all investment advisers require their clients to direct brokerage.

## **E. Order Aggregation**

HCP may, at times, aggregate sale and purchase orders of securities (“block trading”) for advisory accounts with similar orders in order to obtain the best pricing averages and minimize trading costs. This practice is reasonably likely to result in administrative convenience or an overall economic benefit to the client. Clients also benefit relatively from better purchase or sale execution prices, beneficial timing of transactions or a combination of these and other factors. Aggregate orders will be allocated to client accounts in a systematic non-preferential manner. HCP may aggregate or “bunch” transactions for a client’s account with those of other clients in an effort to obtain the best execution under the circumstances.

## **F. Trade Error Policy**

HCP maintains a record of any trading errors that occur in connection with investment activities of its clients. Both gains and losses that result from a trading error made by HCP will be borne or realized by HCP.



## **Item 13 Review of Accounts**

### **A. Periodic Reviews**

The Firm regularly reviews and evaluates client accounts for compliance with each client's investment objectives, policies and restrictions. The Firm analyzes rates of return and allocation of assets to determine model strategy effectiveness. Such reviews are conducted by the Chief Compliance Officer of HCP and shall occur at least once per calendar year.

### **B. Intermittent Review Factors**

Intermittent reviews may be triggered by substantial market fluctuation, economic or political events, or changes in the client's financial status (such as retirement, termination of employment, relocation, inheritance, etc.). Clients are advised to notify HCP promptly if there are any material changes in their financial situation, investment objectives, or in the event they wish to place restrictions on their account.

### **C. Reports**

Clients may receive confirmations of purchases and sales in their accounts and will receive, at least quarterly, statements containing account information such as account value, transactions, and other relevant information. Confirmations and statements are prepared and delivered by the custodian.

### **D. Financial Plans**

All financial planning accounts are reviewed upon financial plan creation and plan delivery by one of our advisers. There are multiple levels of review for each financial plan. Each financial planning client will receive the financial plan upon completion.

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

### **A. Other Compensation**

Some money managers provide economic support by providing ongoing training and education to Firm representatives. Because of this support, representatives may be more inclined to recommend managers with whom they form relationships through the training over managers from whom they have not received training and education.

Clients are not obligated to use any of the Firm's managed accounts and can select a managed account at another investment advisor where similar programs may not exist. However, if a client selects another investment advisor, the client's account will not be managed by Hexagon Capital Partners.

Some of our investment advisers are also licensed as insurance agents. From time to time, they will offer clients advice or products from this activity. Clients should be aware that these products pay a commission that is separate and in addition to our advisory fees. Hexagon Capital Partners always acts in the best interest of the client; including the sale of commissionable products to advisory clients. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

For additional discussion on other compensation received by the firm, its owners, or its representatives, please refer to each representative's Form ADV Part 2B.

## **B. Client Referrals**

HCP pays referral fees to a solicitor for introducing Clients to us. This solicitor is registered as an Investment Adviser Representative with HCP. All referrals will comply with the requirements of Federal or State regulations. The advisory fees paid to us by Clients referred by solicitors are not increased as a result of any referral.

## **Item 15 Custody**

### **A. Custodian of Assets**

Custody means holding, directly or indirectly, client funds or securities or having any authority to obtain possession of them.

HCP does not have direct custody of any client funds and/or securities. HCP will not maintain physical possession of client funds and securities. Instead, clients' funds and securities are held by a qualified custodian.

Custody is disclosed in this Form ADV because HCP has authority to transfer money from client account(s), which constitutes a standing letter of authorization (SLOA). Accordingly, HCP will follow the safeguards specified by the SEC rather than undergo an annual audit.

While HCP does not have physical custody of client funds or securities, payments of fees may be paid by the custodian from the custodial brokerage account that holds client funds pursuant to the client's account application.

In certain jurisdictions, the ability of HCP to withdraw its management fees from the client's account may be deemed custody. Prior to permitting direct debit of fees, each client provides written authorization permitting fees to be paid directly from the custodian.

As part of the billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period. The custodian does not calculate the amount of the fee to be deducted and does not verify the accuracy of HCP's advisory calculation. Therefore, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation. Clients should contact HCP directly if they believe that there may be an error in their statement.

## **Item 16 Investment Discretion**

The Firm accepts discretionary authority to exercise on behalf of clients. Discretion means HCP can affect and/or direct transactions in client accounts without first seeking client approval. HCP is given this authority through a limited power-of-attorney included in the agreement between HCP and the client. Clients may request a limitation of this attorney, such as specifying which securities should not be bought or sold. The following are specific discretionary actions HCP takes:

- The securities to be purchased or sold;
- The amount of securities to be purchased or sold;
- When transactions are made; and

- The Independent Managers to be hired or fired.

Some managers allow the representative to determine the strategist and model allocation of the account. Any fee deduction or check requests are done pursuant to a client's prior written authorization. When utilizing a third-party platform, representatives will have the ability to change the strategist and allocation of account to each strategist, as disclosed in the third party's Form ADV.

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

The Firm does not perform proxy voting services on the client's behalf. Clients are encouraged to read through the information provided with the proxy voting documents and to make a determination based on the information provided. Upon the client's request, firm representatives may provide limited clarifications of the issues presented in the proxy voting materials based on his or her understanding of issues presented in the proxy voting materials. However, clients have the ultimate responsibility for making all proxy voting decisions.

### **Item 18 Financial Information**

#### **A. Balance Sheet Requirement**

HCP is not the qualified custodian for client funds or securities.

#### **B. Financial Condition**

Hexagon Capital Partners does not have any financial condition or impairment that would prevent us from meeting our contractual commitments to you. We do not require the prepayment of more than \$1,200 in fees per client, six or more months in advance, and therefore we are not required to include a balance sheet with this brochure.

#### **C. Bankruptcy Petition**

HCP has not been the subject of a bankruptcy petition at any time during the last 10 years.