

Firm Brochure (Part 2A of Form ADV)

Item 1 Cover Page



HIP Investor Inc.

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Brochure version: March 30, 2017
Covering Fiscal Year End 12/31/2016
CRD #149-825

This brochure provides information about the qualifications and business practices of HIP Investor Inc. If you have any questions about the contents of this brochure, please contact us at +1 415 295 4708 or by email at: Services@HIPinvestor.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. HIP Investor Inc. is a registered investment adviser in the states of California, Washington and Illinois. Being registered does not imply being certified or trained to a mandated level.

Additional information about HIP Investor Inc. (CRD 149825) also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

This new ADV for fiscal year ending December 31, 2016 is dated March 30, 2017.

The last version of HIP Investor Inc.'s ADV brochure was an update on August 29, 2016 (for the fiscal year period ending December 31, 2015). The material changes since the last version are:

- HIP sub-advises, model-manages or influences through use of HIP Ratings more than \$200 million in assets, but does not formally manage or control all of those investments (as of December 31, 2016)
- HIP manages \$5.3 million in assets on a discretionary* basis (as of December 30, 2016): specifically \$5.3 million for individuals, entrepreneurs and families, corporations, LLCs and family offices.
- HIP licenses model portfolios to advisors and platforms, which total \$6.637 million in assets. HIP manages no assets on a non-discretionary basis (as of December 31, 2016)
- HIP Investor Inc. licenses scoring of 32,000 stocks, municipal bonds, corporate bonds, sovereign debt and agency debt and provides scoring services to investors and financial industry clients – including mutual funds, exchange-traded funds (ETFs), managed accounts, investment advisers, wealth managers, as well as organizations' retirement plans [including 401(k), 403(b) and pension plans]. HIP earns a licensing fee for its ratings and analysis services.
- HIP Investor is model manager for impact-themed portfolios (like fossil-fuel-free folios of mutual funds and ETFs) on 401(k) platforms, including clients using the Matrix, RPC, and Ubiquity providers.
- No other material changes.

On July 28, 2010, the United State Securities and Exchange Commission published "Amendments to Form ADV" which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure is a document prepared according to the SEC's new requirements and rules. As such, this Document is materially different in structure than the pre-2010 brochure and requires certain new information that pre-2010 brochures did not require. In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

*We recommend clients and prospective clients review the **entire** brochure and its supplements. We will further provide you with a Brochure upon request, free of charge at any time by contacting Services@HIPinvestor.com or calling +1 415 295 4708. Additional information about HIP Investor Inc. is also available via the SEC's website www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with HIP Investor, Inc. who are registered, or are required to be registered, as investment adviser representatives of HIP Investor*

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Item 4 Advisory Business

HIP Investor Inc. (“HIP”) is an investment advisory and portfolio management firm. HIP was founded in December 2006, and the firm is entering its second decade after 10 years. HIP became registered as an investment adviser in the State of California in June 2009, more than 7 years ago. HIP is now registered in the States of Washington and Illinois as well. HIP may serve customers in additional states depending on state regulation. As of 12/31/2016, HIP served clients in Colorado, Idaho, Indiana, Iowa, Massachusetts, Missouri, New York, Rhode Island, South Dakota, Wisconsin and Washington D.C.

HIP is primarily owned by its founder and chief executive R. Paul Herman. Additionally, many staff of HIP have stock option grants vesting and exercisable for potential ownership.

HIP provides the following investment advisory services:

- **HIP offers advice and investment management** services to individuals and entrepreneurs, families, family offices, foundations, trusts, estates, charitable organizations and corporate entities -- and customized investment advice to its clients.
- **HIP provides investor analysis and commentary on licensed “HIP Scores” and “HIP Ratings”, produced by and licensed from HIP Investor Ratings LLC, an independent company. “HIP Scores” and “HIP Ratings” assess and quantify measurable impact on people, planet and society, which also link to future risk and potential return** of stocks, bonds, mutual funds, ETFs and other investment ratings. HIP clients include fund managers, wealth managers, advisors, and retirement plans.
- **HIP manages impact-focused portfolios, as separately-managed accounts (SMAs) -** including the *HIP 100 Large-Cap ESG*, HIP 100 Exclusion Large-Cap SRI, *HIP Preferred Stocks*, *HIP Best Companies to Work For*, *HIP Global Dividends*, and *HIP Sustainable Real Estate*. Portfolio account types include IRA, Roth IRA, employer rollover, trust, or a core portfolio. See the latest performance and full disclosures of the HIP portfolios at www.HIPinvestor.com *Past performance is not indicative of future results.*
- **HIP serves investment advisers and wealth managers** as an impact adviser, scoring HIP impact and profit performance for client portfolios and offers HIP separately managed accounts for use in client portfolios. HIP also licenses its Model Portfolio allocations for use by investment advisors and brokers as well as 401(k) retirement plan platforms, including Matrix, RPC and Ubiquity. HIP offers education and advice to **advisers and brokers** on how to build higher impact portfolios for clients.
- **HIP advises corporations** on how to accelerate sustainability and incorporate measures of impact and future risk into their Products and Services, integrate fundamental **Operating Metrics**, and embed Management Practices with strong discipline. Free copies of the **HIP criteria** are available.
- **HIP publishes** on investing for impact and sustainable business, which can be viewed at websites like Equities.com, The Huffington Post, Sustainable Brands, Triple Pundit and other media. HIP has also been **featured** in leading business media, including *The Wall Street Journal*, *The New York Times*, *Institutional Investor*, *Morningstar*, *Forbes* and CNBC.

As a client driven business, HIP Investor serves the specific needs of its clients. HIP manages investments towards the specific goals of each client, and gathers information using an Investor Profile and Questionnaire document. HIP continually monitors the portfolio and makes adjustments for the purpose of achieving the stated investment objectives. Clients may impose restrictions on investing in certain security types or market sectors. For wealth management clients, HIP may allocate more to conservative investments, seeking to protect principal. In addition, clients may specifically request particular strategies or exclusions to their portfolio (e.g. excluding companies selling cigarettes or tobacco).

- HIP sub-advises, model-manages or influences through use of HIP Ratings more than \$200 million in assets, but does not formally manage or control all of those investments (as of December 31, 2016)
- HIP manages \$5.302 million in assets on a discretionary* basis (as of December 30, 2016): specifically \$5.302 million for individuals, entrepreneurs and families, corporations, LLCs and family offices.
- HIP licenses model portfolios to advisors and platforms, which total \$6.637 million in assets. HIP manages no assets on a non-discretionary basis (as of December 31, 2016)
- HIP Investor Inc. licenses scoring of 32,000 stocks, municipal bonds, corporate bonds, sovereign debt and agency debt and provides scoring services to investors and financial industry clients – including mutual funds, exchange-traded funds (ETFs), managed accounts, investment advisers, wealth managers, as well as organizations’ retirement plans [including 401(k), 403(b) and pension plans]. HIP earns a licensing fee for its ratings and analysis services.
- HIP offers due diligence services to evaluate investments for impact and profit potential to individuals, families, family offices and foundations, as well as advisers. HIP earns consulting revenue associated with this research and analysis.
- HIP Investor Inc separated the majority of its data, analysis and ratings activities into HIP Investor Ratings LLC in February 2014. HIP Investor Ratings LLC offers and provides scoring services and licenses its “HIP Scores” and “HIP Ratings” of stocks, bonds, mutual funds, exchange-traded funds (ETFs) and other investment vehicles to investment advisers and managers, as well as organizations’ retirement plans [including 401(k), 403(b) and pension plans]. HIP Investor Ratings LLC earns a licensing fee for its data and scoring services. Where HIP Investor is providing investor analysis and commentary on its HIP Ratings, HIP Investor Inc. may hold the contract and charge HIP Investor Ratings LLC for data, analysis and ratings services. HIP continues to offer due diligence on investments for individuals, families, family offices and foundations. HIP earns consulting revenue associated with this investment-focused research.

** “Discretionary” means that HIP is empowered by the client to make trades and allocations, as guided by the client’s investment objectives. Clients sign a Limited Power of Attorney (LPOA) or trading authorization agreement so that HIP may make trades on the client’s behalf in a custodial account, typically held at Charles Schwab Institutional or FOLIOfn Institutional.*

HIP does not directly offer or manage any wrap fee programs or accounts. However, HIP Model Portfolio allocations that are licensed to other advisors or brokers may apply a wrap fee to their client portfolios.

HIP offers customized advice to any client (e.g. provides sustainability score, i.e. HIP Ratings for client portfolio holdings) on an hourly or project basis to assess, recommend (e.g. Financial Planning) and invest a client's portfolio or provide other investment-related advice (e.g. early-stage venture investing).

Investment advisory agreements may be terminated at anytime by either party upon 30 days written notice to the other party. Fees shall be prorated to the date of termination and any paid but unearned portion will be refunded to the client's account. In the event client terminates the investment advisory agreement with HIP, HIP will not liquidate any securities in the account unless authorized in writing by the client to do so. In the event of the client's death or disability, HIP will continue management of the account until we are notified of the client's death or disability and given instructions by an authorized party.

On a periodic basis, we may write and send free electronic newsletters. Clients may receive information on the performance of the HIP Portfolios, in terms of human impact, management practices and

economic returns. Another e-newsletter to non-clients describes the trends in industry towards environmental and social innovations and actual or potential financial results. There is no charge for these newsletters. From time to time, HIP's CEO, R. Paul Herman is a featured speaker, as well as guest columnist, in newspapers, magazines, radio, TV and online publications.

Item 5 Fees and Compensation

INVESTMENT, PORTFOLIO, AND WEALTH MANAGEMENT

HIP's clients pay us to manage their assets and portfolios. The typical current rates are based on assets managed or advised by HIP, and none are based on commissions from products or services:

- **HIP Investor Ratings, Scoring and Commentary -- for Investors, Advisors, Fund Managers and Retirement Plans, including 401(k)s:** various pricing approaches, including Percent of Assets Rated.
- **HIP Impact-Focused Portfolios:** typically 1% of assets managed directly (for direct investors, we may waive this fee if HIP also manages the client's entire portfolio for the full 1% fee); we also license HIP Portfolios to Advisors for fees that may be lower than to clients directly. Fees for models managed by HIP on 401(k) platforms are currently priced at 50 basis points (0.50% of assets).
- **HIP Impact Advisory and Portfolio Management:** typically 1% of assets managed or advised for direct clients. We also serve advisors, multi-family offices and wealth managers.
- Client accounts and portfolios on the Schwab platform under \$1 million pay for transactions/trades (i.e. buy or sell securities, mutual funds, ETFs or other securities) which is determined by Charles Schwab, many funds of which can be "No Transaction Fee (NTF)" and hence the opportunity for no fees; ~~-or-~~ for accounts over \$1 million, may choose to pay an asset-based fee instead, currently 0.25% of assets, and no less than \$2000 per year.
- Client accounts and portfolios on the FOLIOfn platform typically pay 0.25% of assets managed, and no less than \$300 per year.
- Additional fees may apply for broker or custodian services, transfers, transactions or reporting. These are detailed in each broker's or custodian's disclosures, documents and websites, and are charged directly to the client's account. No additional fees for these items are charged by HIP.

HIP invoices clients quarterly in advance, based on the last value of the appropriate assets at the previous quarter-end. Where HIP manages the funds directly, these fees are typically deducted within 10 days of the quarter-end. Where HIP does not manage the funds directly or deduct from the account, HIP invoices clients and receives payment via check or electronic transfer.

HIP INVESTMENT, ADVISORY, AND CONSULTING

In addition, HIP offers consulting services to investors, for the following fees:

- \$350 per hour (\$2800 per day) for the Portfolio manager or executive team, including CEO
- \$200 and up (\$1600 per day, and up) for Analysts and investment professionals
- Alternatively, for larger projects, HIP may charge an overall project fee instead of hourly or daily rates.

HIP offers advice to clients through custom projects, or on an hourly basis, to assess, recommend and invest a client's portfolio or provide other investment-related advice (e.g. early-stage venture investing). These projects are billed hourly, typically priced at \$300 per hour (but can be negotiable for larger projects). Fees and reimbursable expenses (e.g. travel) are billed as incurred on a monthly basis and payable to HIP upon receipt of invoice directly from HIP. Please note we do not bill for reimbursable expenses in the state of Illinois.

HIP SERVICES FOR ADVISERS, BROKER-DEALERS, RETIREMENT PLANS AND OTHER CLIENTS

HIP offers investment advisors, fund managers, brokers, custodians, record-keepers and retirement plan administrators the opportunity to license HIP Ratings to measure future risk and return potential for client portfolios.

- Percent of Assets Rated.
- For ratings of 401(k) retirement plan choices, an annual fee of \$25 per employee, or \$2500 min.
- Hourly consulting: for educating on future risk, sustainability, impact ratings, due diligence, and other research or advisory services.

Also, HIP offers investment managers portfolio accounting, analysis, reporting and due diligence services.

- Percent of Assets Managed, for accounting, analysis and reporting, typically billed quarterly.
- A startup fee, related to the assets managed by the adviser.
- Up to \$300 per hour for due diligence services on new and follow-on investments.

All investment management fees for HIP Investor Inc. are disclosed in our Advisory Agreement, and mutually agreed among clients and HIP. These fees may be negotiable, and may sometimes be waived.

HIP reserves the right to negotiate fees with clients, and may charge higher or lower fees than those described above. Management and account fees are also disclosed in the advisory agreements signed by clients. Additional fees, expenses and trading commissions may apply for client-specified transactions, including mutual funds - or with client-specific Custodians. Clients have an ongoing responsibility to inform us of any changes to their investment objectives, individual needs and/or restrictions. HIP does not assume any responsibility for the accuracy of the information provided by the client.

The client understands that some investments (e.g. mutual funds) may also charge an investment management fee and/or an up-front load; HIP seeks to select investments that avoid unnecessary fees or provide optimal return for the expense ratio. HIP reserves the right to change the amount of fees charged to the client upon thirty (30) days written notice. The client has the right to terminate the agreement on thirty (30) days notice. Lower fees for comparable services may be available from other sources.

In addition to HIP's investment advisory fee, clients will also incur, relative to mutual fund investments, normal expenses and advisory fees imposed by the mutual funds held in the account (expense ratios are listed in each fund's annual report).

Also, if the client is using transaction-based pricing (TBP), rather than asset-based pricing (ABP), the account custodian/broker typically charges commissions for trading of non-mutual fund assets, and some mutual funds may incur a trading fee (e.g. Vanguard funds on Schwab). Some mutual funds impose fees if they are sold prior to their short-term holding periods. Short-term trading fees are detailed in each mutual fund's prospectus. Item 12 further describes the factors that HIP considers in selecting broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

Since HIP's fees are generally paid in advance, HIP's investment advisory fee will be prorated through the date of termination, and any remaining balance paid in advance will be refunded to the client. The client may terminate his or her investment management agreement with HIP at any time and without penalty by sending a written notice to HIP.

The prorated refund is determined by verifying the date of termination and how many days are in the current billing quarter. The fraction of prepaid quarterly fees to be refunded is calculated with the following formula:

Calculate: Number (#) of days left in current quarter
Divided by: Total number (#) of days in the current quarter
Multiplied by: \$ Fees Pre-Paid
Equals: \$ Refund

HIP and its employees do not receive any compensation for the sale of securities or other investment products, including mutual funds.

AGREEMENT WITH FUND MANAGERS, INCLUDING SNW ASSET MANAGEMENT

HIP Investor also licenses its HIP Ratings, HIP Scores and commentary to fund managers, including Seattle-Northwest (SNW) Asset Management to provide clients with customized bond portfolios, covering corporate, agency, sovereign and municipal bonds. HIP earns a share of the fees that SNW charges to its individual, advisory and other clients for these “impact-rated” bond portfolios. As described in greater detail below, SNW Asset Management collaborates with HIP Investor Inc., both registered investment advisers, to manage investments rated on impact and benefit to society by HIP.

In limited circumstances, SNW Asset Management, in its sole discretion, may negotiate to charge a lesser fee. Therefore, fees may differ among clients based upon any opportunity to capture economies of scale with larger accounts. SNW Asset Management charges its management fees to clients quarterly in arrears, based on average assets under management (AUM) during each calendar quarter; as well as in advance based on the assets of the account. If SNW Asset Management and the client agree, the fees due to SNW Asset Management may be deducted from the Accounts rather than paid separately. If a client terminates the investment management agreement in the middle of a billing period, SNW Asset Management’s management fees shall be pro-rated based on the number of days that the account was managed.

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

Investment advisory services, HIP Portfolios, and HIP-managed models are offered on a percent of assets-managed fee.

HIP does not charge performance-based fees (fees based on performance or capital gains).

Item 7 Types of Clients

HIP Investor Inc. serves a variety of clients:

- Individuals, families, family foundations and trusts – with HIP Ratings/Scoring, HIP Portfolios and HIP Investment/Wealth Management; also, custom consulting and analysis projects.
- Corporations, LLCs and family offices – with HIP Ratings/Scoring, HIP Portfolios and HIP Investment/Wealth Management; also, custom consulting and analysis projects.
- Investment advisers, fund managers, broker-dealers, custodians, record-keepers and retirement plan administrators – with HIP Ratings/Scoring, HIP Portfolios and HIP Advisory Services.
- A range of clients seek specialty advice on measuring and scoring future risk and return potential; understanding sustainability and impact investing; to provide HIP Ratings/Scores as an information overlay on adviser-managed portfolios.
- Also, some investors hire HIP for accounting, analysis, reporting and due diligence on private company, venture fund or private equity funds.

There is no stated financial minimum for HIP Investor to work with client portfolios. However, there can be minimum fees for the broker-dealers or other financial institutions that hold and manage clients' securities or other assets on her/his behalf, here, mainly Schwab Institutional or FOLIOfn Institutional.

Sometimes clients may place undue restrictions on HIP as the adviser, and we reserve the right to not accept the client account or terminate the client's account management.

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

METHODS OF ANALYSIS

HIP Investor's analysis includes an evaluation of leading indicators in the field of sustainability, including environmental, social and human impacts that are quantifiable, the products that companies sell and their associated impacts and the management practices regarding sustainability. The founder authored the book, *The HIP Investor*, published by John Wiley & Sons (2010), which provides more detail on the frameworks, metrics and scoring approach that HIP Investor uses. The HIP book is also available in e-book and audio-book versions. HIP primarily uses fundamental analysis, but is aware that technical analysis (e.g. reading charts) can affect the prices of securities.

SOURCES OF INFORMATION

In addition to fundamental business evaluation and security analysis, HIP Investor also assesses companies with its proprietary HIP methodology. Metrics of sustainability – including employee engagement; greenhouse gas emissions intensity; and staff diversity – are used to calculate the “HIP” factor for more than nearly 6,000 companies and 26,000 government and non-profit institutions that issue bonds. HIP's approach can also include direct interviews with executives and managers at the companies evaluated. These interviews focus on the strategic and tactical sustainability initiatives and quantitative performance measures (e.g. human, social, and environmental), how they affect profitability and shareholder value in the short- and long-term, and how sustainability is embedded in the management systems of the company. HIP also incorporates information, ratings and rankings collected from third-party sources, including government (e.g. EPA and OSHA), non-profits (e.g. OpenSecrets.org), academic (e.g. university research) and for-profit sources.

INVESTMENT STRATEGIES

At HIP Investor, we seek to satisfy our clients' core investing goals. These typically include criteria such as: human, social and environmental impact; income generation; capital appreciation; risk mitigation; and planning for specific life goals (e.g. house, children, college, elder care, retirement).

In implementing an investment strategy, HIP seeks to match the cash needed by the client with the timeframe of that goal. Thus, longer-term client goals like retirement means that a portion of the portfolio can undertake higher risk investments. A shorter-term client goal, such as purchasing real estate within the next two years, requires a much more conservative approach, and lower risk investments.

HIP believes that sustainability criteria help to lower potential risks and have the potential to enhance financial performance. Applying these criteria to a portfolio across all asset classes is a new approach, and therefore may encounter risks.

Risks of impact investing can include: short-term performance may deviate from the market, as traditional investors do not value sustainability as positively as many impact investors do; long-term performance may not match expectations as technology, competition or regulation may hinder the development of attractive sustainability opportunities; volatility of securities' prices may vary depending on the regulation imposed or removed by governments around the world; impact measurement is part science, and part art, and also is not required for corporate reporting nor by the SEC as of yet, which means impact values may not be calculated consistently, and any associated investment recommendations may not be allocated appropriately.

Fixed income components of portfolios can encounter credit risk, interest rate risk, and liquidity risk. Commodities in a portfolio can encounter market risk, supply and demand volatility, and therefore wide variations in pricing. Real estate investments can risk being illiquid during periods of stressed investment markets. Private equity and private debt investments always risk lack of liquidity, and are designed for

high risk tolerance and longer-duration investment goals.

For some clients, an investment portfolio may be hedged using exchange-traded funds (ETFs) and tradable instruments that seek to perform like "shorts" of broader market indexes, more specific sectors, or commodities. Depending on the particular instrument's structure, there may be a margin call requirement which would be disclosed in the Prospectus of that instrument; typically available electronically on the Internet.

RISK OF LOSS

Investing in securities involves risk of loss that clients should be prepared to bear. Past performance is not indicative of future results. You should consult your tax adviser for the tax implications of your investment decisions.

Item 9 Disciplinary Information

9-A, 9-B, and 9-C

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of HIP or the integrity of HIP's management.

HIP Investor Inc. has NOT been involved in any disciplinary action resulting from a criminal or civil proceeding, such as an administrative hearing from the SEC or any federal, state or foreign regulatory body, including any self-regulatory organization like FINRA.

Item 10 Other Financial Industry Activities and Affiliations

10-A.

HIP and its management are not registered as a broker-dealer and do not have any applications pending to register as a broker-dealer or as representative of a broker-dealer.

10-B.

HIP and its management are not registered as a futures commission merchant and do not have any applications pending to register as a futures commission merchant, commodity pool operator, a commodity trading adviser or an associated person of the foregoing entities

10-C.

HIP co-hosts and co-promotes events with other firms, including conferences, media companies and law firms, typically for no charge to current or potential clients, but which can benefit the host firm or conference producer with awareness and branding.

HIP-rated Model Portfolio Allocations are licensed to investment advisors who administer these strategies for their clients. Advisors who license HIP Model Portfolios include First Affirmative Financial Network (FAFN) and EQIS. HIP earns a fee associated with the assets allocated to these accounts. HIP also licenses its models for impact-themed portfolios (such as fossil-free) on 401(k) platforms like Matrix, RPC and Ubiquity.

HIP-operated Portfolios are managed by HIP Investor on Folio Institutional's platform, offering investment strategies managed by third parties like HIP. HIP-operated portfolios are allocated to clients of third-party investment advisors, including Horizons Sustainable Financial Services. HIP earns a fee associated with the assets allocated to these accounts.

10-D.

Any recommendation directly or indirectly to an adviser for a client does not necessarily yield a financial fee, thus typically avoiding any material conflict of interest. All recommendations are first based on the trust, integrity and quality of work, and typically previous experience, with a recommended adviser or service provider.

In February 2016, HIP Investor Inc. entered into an agreement with Horizons Sustainable Financial Services, an investment adviser on the Folio Institutional and Schwab platforms, to receive compensation for client assets that migrate from HIP to Horizons. HIP can be paid fees in 2016, 2017, and 2018 for new assets associated with new clients of Horizons who were referred by HIP Investor.

In March 2016, HIP Investor Inc. entered into a "professional alliance" agreement with Morgan Stanley, an investment adviser. HIP can be paid a fee related to its services to Morgan Stanley for assets managed by Morgan Stanley.

In 2016, HIP Investor Inc. began model-managing and sub-advising HIP Fossil Free Folios, covering 5 risk-appropriate, diversified models of tradeable mutual funds and ETFs, with the goal of excluding exposure to the fossil-fuel value chain. HIP earns a fee on the percentage of assets managed, split with QBOX Financial Services investment advisory and fiduciary based in Indiana,

Item 11 Code of Ethics, Interest in Client Transactions, and Personal Trading

CODE OF ETHICS

HIP has adopted a Code of Ethics (the "Code") for all supervised persons of the firm. The Code sets forth the standards of business conduct the firm expect from each employee or related person. The Code also requires reporting and monitoring of certain activities to avoid conflicts of interest. Further, the Code requires compliance with fiduciary duties, applicable securities laws, confidentiality, and placing clients' interests first. A current copy of the Code will be provided to clients and prospective clients upon request.

This Code of Ethics consists of the following core principles:

- (1) Employees are expected to act in the best interest of each of our clients and the interests of clients will be placed ahead of the firm's or any employee's own investment interests.
- (2) Employees will strive to avoid any actual or perceived conflict of interest with the client. Further, Employees are expected to conduct their personal securities transactions in accordance with HIP's trading policy.
- (3) Employees will not take inappropriate advantage of their position with the firm.
- (4) Employees are expected to comply with federal securities laws. Strict adherence to the Compliance Manual will assist the employee in complying with this important requirement.
- (5) As more fully discussed within our Privacy Policy, and as stated in the HIP Confidentiality Agreement signed by all employees of the firm, employees are expected to exercise due diligence and care in maintaining and protecting our client's nonpublic, confidential information. Employees are also expected not to divulge information regarding HIP securities recommendations to, transactions of, or holdings of a specific client to any individual outside of the firm.

PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

HIP and persons associated with the adviser ("Associated Persons") may buy or sell securities or custom-designed portfolios that HIP also recommends to clients. In addition, some of the analysts at HIP may also do work for publicly listed companies. This is also disclosed in client communications and in the advisory agreement.

To avoid conflict of interest, the Chief Compliance Officer, ("CCO"), reviews the recommendations to clients for potential bias. In general, the potential for bias is greatly reduced as the investment decision process is driven by quantitative performance data of companies, typically aggregated in an index-type portfolio constructed with multiple checks and reviews (rather than one person's subjective judgments). The CCO reviews with the team the process and outcomes of investment decisions regularly to eliminate potential bias. All client investment allocations are documented and investment decisions are recorded in the client's file (either electronic, paper or both).

Employees, officers and related persons are prohibited from acting upon any material, non-public information, as defined under federal securities laws and the HIP's insider-trading policy.

PERSONAL TRADING OR MATERIAL CONFLICTS OF INTEREST

All known material conflicts of interest have been disclosed regarding HIP and its representatives and staff, which could be reasonably expected to impair the rendering of unbiased and objective advice.

All staff and contractors sign confidentiality agreements and are evaluated on integrity and honesty. As noted above, employees are expected to conduct themselves with the utmost integrity and to avoid any actual or perceived conflict of interest with our clients. In this spirit, the following are required of employees:

(1) Acceptance of Gifts: employees are prohibited from receiving any gift, gratuity, hospitality or other offering of more than *de minimis* value (\$100) from any person or entity doing business with HIP, or soliciting business from HIP, without consent of the CCO.

(2) Service as Director for an Outside Company: Any employee wishing to serve as director for an outside company (public or private) must first seek the approval of the CCO.

(3) Outside Business Interests: Any employee wishing to engage in business activities outside of HIP's business must seek approval from the CCO and, if requested, provide periodic reports to the CCO summarizing those outside business activities.

(4) Annual employee Acknowledgement: New employees must acknowledge they have read and they understand and agree to comply with this Code of Ethics and Compliance Manual and reaffirm such annually.

(5) Personal Securities Transactions of HIP Personnel: As fiduciaries, HIP and its advisers have a duty to purchase only securities it believes to be in the client's best interest. Because we believe strongly in the quality of our recommendations, HIP or individuals associated with HIP are encouraged to use the same securities HIP recommends to clients in their own accounts and the accounts of employees' family members. Employees are expected to avoid any trading in personal accounts or family accounts that appear to seek to profit from HIP trading in client accounts. Since trading in the same securities as those recommended to clients may create conflicts of interest, HIP has placed restrictions on personal trading including: placing employee trades in any block trade being made for the same security in client accounts on the same day. All employees report and attest to their personal trading activity quarterly and report all holdings annually. The CCO reviews these reports and keeps records of these transactions in an effort to identify any trading that could be a conflict with client trades. All conflicts are resolved in the favor of the client(s).

(6) Use of Source Material: Any investment-related material referencing HIP or bearing HIP's name or logo must first be approved by the CCO prior to presentation to outside parties.

(7) Communications with clients through Radio, Television and Other Media: Associates of HIP are encouraged to participate in lectures, seminars, and media appearances where the purpose of such communications is to provide investment advice or explain the services offered through HIP. However, the associate must gain approval of the CCO for presentations which discuss investments in general or specific securities currently recommended by HIP. In situations where an Associate is asked her/his opinion on the investment merits of a security, the associate should make it clear to the audience that any opinion given is her/his own and is not to be construed as investment advice specific to that client or necessarily the investment advice of HIP.

All employees are required to report promptly any violation, or apparent violation, of this policy to the CCO (including the discovery of any violation committed by another employee). Examples of items that should be reported include but are not limited to: noncompliance with federal securities laws, conduct that is harmful to clients and purchasing securities contrary to the Code of Ethics Policy. Upon discovering a violation of this policy, the CCO may impose disciplinary action or dismissal as deemed appropriate, including disgorgement of profits, reversal of the trade, or suspension of trading privileges.

Item 12 Brokerage Practices

INVESTMENT OF BROKERAGE DISCRETION

For discretionary accounts, HIP will make investment decisions to buy and sell on the client's behalf to achieve their objectives within their restrictions. Typically, the individual decisions of securities or related funds will adhere to an overall asset allocation, as well as the client preference for sustainability ("human impact +profit"). As these factors change, HIP will make investment decisions to re-adjust the portfolio as well.

For non-discretionary accounts, HIP will communicate with the client about specific asset allocation percentages, the types of instruments, and the specific securities to buy and sell, as well as their timing.

For HIP Portfolios, HIP as an adviser can select FOLIO*fn* as custodian and broker-dealer for client accounts, in seeking flexibility to easily construct portfolios ("folios") that seek sustainability ("human impact + profit") as architected by HIP. FOLIO*fn* also seeks to keep brokerage and trading costs low by using "window trading" twice per day. These two features, as well as online access and electronic statements, are the main reasons why HIP selects this particular broker-dealer. For managed accounts, HIP can use FOLIO*fn* or another custodian if appropriate for the client needs for the assets under management. For advisory clients who have assets outside HIP, clients may use pre-existing custodians or brokers, and HIP can be added as a fiduciary to those accounts, typically with Limited Power of Attorney (LPOA). HIP Portfolios may also be managed on the Schwab platform for clients of HIP, or advisers who allocate HIP folios to their client portfolios.

HIP may recommend or require that some clients establish brokerage accounts with the Schwab Adviser Services division of Charles Schwab & Co., Inc. (Schwab), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although HIP may recommend or require that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. HIP is independently owned and operated and not affiliated with Schwab. HIP has included Schwab Adviser Services based on a number of factors. The firm is the largest broker-dealer for registered investment advisers and offers features that could benefit clients such as lower fees for some mutual funds and ETFs. In addition, Schwab has the capability to sell and close out fractional shares into cash. The comparisons conducted by HIP determined that Schwab had comparable pricing, and HIP will attempt to negotiate with Schwab to obtain best pricing for their clients' needs if warranted. Moreover, any research made available to HIP is not limited to only Schwab accounts but every applicable client account.

Schwab provides HIP with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Adviser Services. These services are contingent upon HIP committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For HIP client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Adviser Services also makes available to HIP other products and services that benefit HIP but may not benefit its clients' accounts directly. Many of these products and services may be used to service all or some substantial number of HIP accounts, including accounts not maintained at Schwab.

Since HIP does not earn commissions, there is no incentive to use a particular broker for research,

products or services. HIP's decision to use a particular broker is based on the range and quality of the securities available for the client, the cost of brokerage trading costs, and any features available that increases quality or reduces cost.

HIP currently does not earn, and has not earned to date, any "soft dollar" benefits currently. If HIP would earn those benefits, such as compensation for software, those dollars would go to reducing the cost of doing business for HIP. No particular client benefits more than any other from any "soft dollar" arrangements.

Schwab's products and services that assist HIP in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of HIP's fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Schwab Advisory Services also offers other services intended to help HIP manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to HIP.

Schwab Adviser Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to HIP. Schwab Adviser services may also provide other benefits such as educational events or occasional business entertainment of HIP employees. In evaluating whether to recommend or require that clients custody their assets at Schwab, HIP may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create potential conflicts of interest.

TRADE AGGREGATION AND ALLOCATION

When trades are placed for the same security among multiple accounts, HIP may be able to improve the price at which the trade is executed by "aggregating" the trades. HIP procedures seek to allocate such aggregated trades among clients in the fairest possible way taking into account clients' best interests.

In summary:

- (1) HIP may allocate equity trades for the same security. This allows all the trades to be placed when they come in and allocate all of the equity trades at the same average price.
- (2) When a trade is to be executed for an individual account and the trade is not in the best interests of other accounts, the trade will only be performed for that account.

Instances in which client orders will not be aggregated include, but are not limited to, the following:

- (1) Clients directing HIP to place a trade at a specified price or time;
- (2) Traders and/or portfolio managers determine that the aggregation is not appropriate because of market conditions;
- (3) Portfolio managers must effect the transactions at different prices, making aggregation unfeasible; and,
- (4) Client's accounts that are held at different custodians, where coordinating trades on different trading systems is not feasible.

MANAGED ACCOUNTS AND WEALTH MANAGEMENT

To serve wealth management needs of clients, HIP may recommend that clients establish brokerage accounts with the Schwab Adviser Services division of Charles Schwab & Co., Inc. (“Schwab Adviser Services”), a registered broker-dealer, to maintain custody of clients’ assets and to effect trades for their accounts. HIP and Schwab Adviser Services are separate, unaffiliated entities. Schwab Adviser Services provides Adviser with access to its institutional trading and operations services typically not available to Schwab’s retail customers. These services generally are available to independent investment advisory firms at no charge to them so long as a total of at least \$10 million of the adviser’s clients’ account assets are maintained at Schwab Adviser Services. Schwab Adviser Services’ services include brokerage, custody, research, access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Schwab Adviser Services also makes available to HIP other products and services that benefit HIP. Some of these other products and services assist Adviser in managing and administering clients’ accounts. These include software and other technology that provide access to client account data (such as balances, positions and transactions, as well as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of HIP’s fees from its clients’ accounts, and assist with back-office support, record keeping and client reporting. Many of these services generally may be used to service all or a substantial number of HIP’s accounts, including accounts not maintained at Schwab Adviser Services. Schwab Adviser Services may also provide HIP with other services intended to help HIP manage and further develop its business enterprise. These services may include consulting, publications and presentations on practice management, information technology, business succession, regulatory compliance, and marketing.

Schwab Adviser Services also provides various products, services and other benefits to HIP at no cost or a reduced cost based upon HIP’s commitment that HIP’s clients will place or maintain a specified dollar amount of assets in accounts with Schwab Adviser Services within a specified period of time. HIP may be influenced by this commitment in recommending or requiring that clients’ establish brokerage accounts at Schwab Adviser Services.

The products and services or other benefits provided by Schwab Adviser Services include payments offsetting the fees otherwise payable by HIP for software that, among other things, may provide portfolio accounting, performance reporting, client contact and relationship management.

Some of the products, services and other benefits provided by Schwab Adviser Services benefit HIP and may not benefit HIP’s clients’ accounts directly. HIP’s recommendation that a client place assets in Schwab’s custody may be based in part on benefits Schwab provides to HIP, and not solely on the nature, cost or quality of custody and execution services provided by Schwab.

HIP may also manage the wealth of clients on other financial platforms, including Fidelity, Vanguard, Morgan Stanley, TIAA-CREF and others.

HIP places trades for its clients’ accounts subject to its duty to seek best execution and its other fiduciary duties. HIP may use broker-dealers other than Schwab to execute trades for client accounts maintained at Schwab, but this practice may result in additional costs to clients so that HIP may be more likely to place trades through Schwab rather than other broker-dealers. Schwab’s execution quality may be different than other broker-dealers

For HIP clients’ accounts maintained in custody at Schwab, Schwab generally does not charge separately for custody but is compensated by the account holders through commissions or other fees related to transactions and/or assets held in the client accounts. A listing of all fees charged by Charles Schwab Advisory Services will be furnished upon request to clients and prospective clients.

Item 13 Review of Accounts

13-A.

Accounts are reviewed on a continuous basis by the Chief Investment Officer to determine their conformity with client investment objectives, preferences and restrictions, as well as the adviser's investment strategy and overall market conditions. HIP's Chief Investment Officer, ("CIO"), R. Paul Herman reviews all client accounts at least quarterly. No less than annually, the current investment strategy may be revisited, and if needed revised based on a client's changing circumstances.

13-B.

More frequent reviews may be requested by the client, or be suggested by the CIO based on factors such as the general economy, market conditions, changes in client circumstances, and other factors. Special reviews may be triggered by changes in client objectives or restrictions communicated to HIP, changes in diversification, tax considerations, cash added or subtracted from the account, and purchases and sales of securities in the account. Requests for reviews may be made by phone call, mail, or email. Requested reviews will be performed by the CIO R. Paul Herman with the support of analysts.

13-C.

Clients will receive account statements monthly from the custodian of each asset, and clients can access the current allocations and value of their portfolio electronically on the Internet at their convenience (except if technically unavailable). HIP may provide additional reports or analyses for its clients, especially with regard to the performance of some of HIP's custom-designed portfolio choices and related investment holdings. HIP may also send electronic newsletters to its clients about market trends that may affect their asset allocations, or HIP-designed proprietary portfolio selections.

Clients will be sent via e-mail, and have access online, to quarterly billing statements and performance reports for each account they hold with HIP. A typical performance report includes a statement of: Contributions, Withdrawals, Realized Gains, Unrealized Gains, Interest, Dividends, Management Fees, the Portfolio Value as of the date of the report, the Total Gain after Fees, and the time-weighted return for the period. Sample reports are available from HIP or the custodian (FOLIOfn Institutional or Schwab Institutional).

Wealth management clients on a quarterly basis will receive a HIP summary performance statement of their holdings Impact, Risk, Return, Yield and Liquidity.

All performance reports the adviser provides clients are prepared in accordance with Securities Act Interpretive Statement.

Item 14 Client Referrals and Other Compensation

14-A.

HIP has an agreement with Schwab Advisory Services, if a certain amount of assets are maintained at Schwab, Schwab will make available a specific dollar amount to subsidize technology services and support for HIP.

With any subsidy by a provider, there is a risk of conflict of interest. However, HIP's decisions for clients are independent of influence by this type of incentive. HIP's Code of Conduct, Compliance Manual of procedures and overall integrity seek the best solution provider for the client. In addition, HIP's assets have not reached a level to earn the incentive from Schwab Institutional, so there is no current conflict of interest.

14-B.

For customized projects that are not investment supervisory or advisory services, HIP offers referral fees or commissions on revenue for non-investment advisory consulting at rates ranging up to 20% of client revenue that is invoiced and collected.

Agreement with SNW Asset Management (SNW)

HIP Investor Inc. has entered into a Portfolio-Rating Collaboration Agreement ("PRCA") with registered investment adviser SNW Asset Management ("SNWAM"). HIP has developed a proprietary process for assessing social, environmental and human-impacts and sustainability attributes associated with investment assets. This proprietary process calculates numerical "HIP Ratings," "HIP Scores," and other sustainability ratings for individual investment assets and investment portfolios. HIP focuses on the sustainability of long term investments for improved financial, social and environmental health to mitigate risk through a tailored performance strategy. SNWAM and HIP have collaborated in connection with the development of HIP Scores or ratings for fixed income, including corporate, agency, sovereign and municipal securities. HIP Scores are licensed and applied to the Customized Bond Portfolios offered by SNW Asset Management. Under the terms of the PRCA, if SNWAM manages an account or portfolio in connection with HIP Scores or ratings, SNW Asset Management pays to HIP thirty-three and one third percent (33 1/3%) of all management, advisory and other fees billed by SNWAM in connection with such services. The PRCA also provides that SNW Asset Management is a preferred fixed-income manager for HIP. In the event that HIP refers clients to SNW Asset Management, then SNW Asset Management pays to HIP thirty-three and one third percent (33 1/3%) of all management, advisory and other fees billed by SNWAM in connection with such services and accounts. Similarly, in the event that HIP generates any revenues associated with the calculation or dissemination of HIP Scores, or the provision of other ratings, scoring, selection, evaluation, or analysis services, to any party with respect to municipal bonds, then HIP pays to SNWAM thirty-three and one percent (33 1/3%) of all management, advisory and other fees billed by HIP in connection with such services.

SNWAM offers its investment management services for an annual fee based upon a percentage of assets under management. Generally, the fee is prorated and charged either monthly or quarterly, in advance or arrears. Depending on the engagement, the fee may be calculated using either the average daily balance of the assets during the quarter or the market value of the assets on the last day of the quarter. The specific fee schedule is determined by the type of client and the strategy used to manage the portfolio. For the initial term of an engagement, the SNWAM base fee is calculated on a pro rata basis. In the event the Agreement is terminated, the base fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is refunded or charged to the client, as appropriate. SNWAM, in its sole discretion, may negotiate to charge a lesser management 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 client relationship, account retention and pro bono activities. In addition to the advisory fees paid to SNWAM, clients may also incur

certain charges imposed by other third parties, such as broker-dealers, custodians, trust companies, banks and other financial institutions (collectively “Financial Institutions”). These additional charges may include securities brokerage commissions, transaction fees, custodial fees, charges imposed directly by a mutual fund or 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. The Firm’s brokerage practices are described at length in SNWAM’s ADV-2 brochure. Clients generally provide SNWAM with the authority to directly debit their accounts for payment of the Firm’s investment advisory fees. The Financial Institutions that act as qualified custodian for client accounts have agreed to send statements to clients not less than quarterly detailing all account transactions, including any amounts paid to SNWAM. Alternatively, clients may elect to have SNWAM send them an invoice for direct payment.

Item 15 Custody

All client assets will be held by a qualified custodian, which may include a broker-dealer, bank or foreign financial institution. Further:

1. Original custodial statements will be delivered directly to the client by the custodian, not HIP, on at least a quarterly basis, but typically monthly on paper or electronically. These statements should be reviewed carefully by clients.

2. Additionally, HIP will offer access to supplemental reports and a fee calculation quarterly. Clients should compare the custodians' statements to HIP's reports. Custodians are not responsible for verifying the accuracy of HIP's reports or its fee calculations.

Clients should receive at least quarterly statements from the custodian (typically, FOLIO Institutional or Schwab Institutional, but could be a third-party custodian like Morgan Stanley Smith Barney, Vanguard, Fidelity, or others). The qualified custodian holds and maintains client's investment assets.

HIP urges its clients to carefully review such statements and compare such official custodial records to the account statements that HIP provides. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain non-mutual fund securities.

HIP does not take custody of client assets or funds except to the extent we request the client's custodian to deduct advisory fees directly from client accounts. The following procedures are designed to help ensure HIP does not inadvertently obtain further custody (other than by the deduction of advisory fees noted above) over client assets:

- A. We will not hold client securities in HIP name or in bearer form.
- B. We will not require clients to prepay fees 6 months or more in advance of greater than \$1,200.
- C. Proceeds from the redemption of client securities may not be directed to HIP.
- D. We do not have signatory power over a client's checking or custodial account, except in cases where the client is an immediate family member of HIP.
- E. An employee may not serve as trustee over a client's account, unless the client is an immediate family member of the employee, or unless pre-approved by the CCO.
- F. All wires from client custodial accounts to outside accounts must be accompanied by written client authorization.
- G. We may not serve as both general partner and adviser to a limited partnership

Item 16 Investment Discretion

HIP receives discretionary authority from the client at the outset of the advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client's account.

When selecting securities and determining amounts, HIP observes the investment policies, limitations and restrictions of the clients for which it advises. Investment limitations and restrictions must be provided to HIP in writing in advance.

Item 17 Voting Client Securities

As a matter of firm policy and practice, HIP does not vote proxies on behalf of advisory clients (but may do so if requested). Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. HIP may provide advice to clients regarding the clients' voting of proxies.

Clients with assets on FOLIOfn may vote their proxies electronically in the FOLIO online electronic portal. Clients also receive electronic notices of new corporate actions, such as Board meetings, and other transactions (e.g. buyouts, spin-offs).

Item 18 Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about HIP Investor Inc.'s financial condition.

HIP Investor Inc. 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

HIP does not collect pre-paid fees in excess of six months in advance.

Item 19 Requirements for State-Registered Advisers

EDUCATION AND BUSINESS STANDARDS

All individuals who render investment advisory services on behalf of HIP must have earned a university degree in business, finance, economics or equivalent and have at least three years of investment-related experience. In addition, all such individuals shall have attained all required investment-related licenses and/or designations.

EDUCATION AND BUSINESS BACKGROUND

**R. Paul Herman, CEO + Founder,
Chief Investment Officer and Chief Compliance Officer. Board Chair.**

Year of birth: 1968.

Education:

The Wharton School, U. of Pennsylvania, Bachelor of Science in Economics, Philadelphia, PA, 1987-1989.
Loyola University of Chicago, Chicago, Illinois. 1985-1987

Business Background:

- HIP Investor Inc., CEO + Founder, Chief Investment Officer and Chief Compliance Officer, San Francisco, CA, 2006 to present.
- Omidyar Network, Director of Strategy, Redwood City, CA, 2005-2006.
- Ashoka: Innovators for the Public, Chief Development Officer, Arlington, VA, 2002-2005
- Additional experience includes: McKinsey & Company, Energy Practice, Washington, D.C.
- Additional investment responsibilities include: Investment Advisory Committee, Patient Capital Collaborative 2007 LLP.

The Chief Executive Officer, R. Paul Herman, authored and published a book – *The HIP Investor* – regarding a unique investment approach and methodology based on human impact and profit. The author conducts book tours and events where both clients and prospective clients are invited to attend. The author typically does not charge attendees to participate but on occasion, there may be a nominal charge by the promoter of the event – or the author may be part of a training, workshop or conference, where the author earns a speaking fee or travel expense reimbursement. This informational and educational book, may be offered for sale by the author at some of these events. The author spent three months of his personal time writing *The HIP Investor* in 2009. The author has traveled to several cities promoting this work and may also raise awareness of the advisory services offered by HIP.

To augment its employees and analytical capacity, HIP regularly recruits and manages interns to research and evaluate the sustainability and financial performance ("human impact + profit" or HIP factor) of securities. These interns can include graduate students (e.g. business/MBA, legal/JD, etc.) and persons employed across industries, some of whom work with publicly listed companies. HIP requires confidentiality agreements and non-disclosure agreements and intellectual property restriction agreements to protect against conflicts of interests - as well as screening for high level of ethics, morals and professionalism. Compensation may include stock options or warrants in HIP and/or commissions on revenue earned from new corporate (non-investment) clients who are introduced by them.

HIP and R. Paul Herman also co-hosts and co-promotes events with other firms, including law firms, typically for no charge to current or potential clients, but which can benefit the host firm with awareness and branding.

HIP may offer financial planning as part of its investment advisory or investment consulting services, and HIP may engage a consultant to provide financial planning on behalf of HIP's clients. HIP manages the consultant's activities related to HIP, and the consultant is compensated at a fixed fee, an hourly rate and/or stock options.

HIP does not currently charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

HIP, nor any of its managed persons, has been involved with, charged with, or found liable in any arbitration claims, or in any Civil, Self-regulatory, or Administrative Proceedings involving any of the following:

- a. fraud, false statement(s) or omissions;
- b. theft, embezzlement, or other wrongful taking of property;
- c. bribery, forgery, counterfeiting, or extortion; or
- d. dishonest, unfair, or unethical practices.
- e. HIP and its managed persons have no relationships or arrangements with any issuer of securities.

Additional State Information

HIP's investment advisory agreement and the custodial/clearing agreement may authorize the account custodian to debit the client account for the amount of HIP's investment advisory fee and to directly remit that management fee to HIP in accordance with required state procedures.

(1) The client must provide written authorization permitting direct payment from all accounts maintained by a custodian who is independent of HIP (and described in the Advisory Agreement);

(2) HIP must send a statement to the client showing the amount of the fee, the value of the client's assets upon which the fee was based, and the specific manner in which the fee was calculated;

(3) HIP must disclose to clients that it is the client's responsibility to verify the accuracy of the fee calculation, and that the custodian will not determine whether the fee is properly calculated; and

(4) The custodian must agree to send the client a statement, at least quarterly, showing all disbursements from the account, including advisory fees.

Pursuant to California Code of Regulations, CCR Section 260.238(j), HIP hereby discloses that clients may receive the same or comparable services from other Financial Advisers at a lower fee.

Pursuant to California Code of Regulations, Title 10, CCR Section 260.235.2, HIP discloses that it may utilize various firms for the execution of securities transactions and to custody assets.

All material conflicts of interest under California Code of Regulations, CCR Section 260.238(k) are disclosed regarding the investment adviser, its representatives or any of its employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

For further information, or to learn more about HIP Investor's services:

visit www.HIPinvestor.com ,
call HIP at +1 415 902 7741 or 415 295 4708 or
email Services@HIPinvestor.com