

Highland Capital Advisors, LLC

Implemented Solutions

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This Brochure provides information about the qualifications and business practices of Highland Capital Advisors, LLC (“HCA”). If you have any questions about the contents of this Brochure, please contact us at compliance@hcportfolios.com.

While the United States Securities and Exchange Commission (SEC) and state securities authorities require the preparation and submittal of this Brochure, they do not approve or verify the contents. HCA is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about HCA also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Since our last annual amendment filing in February 2019, we have made no material changes to this disclosure brochure.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting compliance@hcportfolios.com .

Additional information about HCA is also available via the SEC's web site www.adviserinfo.sec.gov.

Item 3 –Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 –Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-By-Side Management	2
Item 7 – Types of Clients.....	2
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	2
Item 9 – Disciplinary Information	3
Item 10 – Other Financial Industry Activities and Affiliations	3
Item 11 – Code of Ethics	3
Item 12 – Brokerage Practices	4
Item 13 – Review of Accounts.....	4
Item 14 – Client Referrals and Other Compensation.....	4
Item 15 – Custody	4
Item 16 – Investment Discretion	5
Item 17 – Voting Client Securities.....	6
Item 18 – Financial Information.....	6

Item 4 – Advisory Business

HCA is an investment advisory firm registered with the SEC. Our primary business is to provide non-discretionary consulting services (“Retirement Consulting”) to retirement plan sponsors and other investors. That service is the subject of a separate Form ADV Part II. In certain cases, in addition to these services, HCA will accept limited discretion to assist clients with the implementation of their investment plans. This service is referred to as our “Implemented Solutions” and this Form ADV Part 2A is offered to potential and existing clients to provide an understanding of this service.

HCA was formed in 2005. HCA’s founding Principals are William S. Small and Richard C. Wyman.

Implemented Solutions Services

HCA helps facilitate a prudent investment process by consulting with clients about their investment decisions and makes recommendations based on client objectives. Available services include:

- Meeting with clients to understand needs, investment objectives and risk tolerances
- Assisting with the drafting an investment policy statement (IPS)
- Assisting with the design of an investment menu or strategic asset allocation
- Assisting with the selection of 3rd party fund / managers
- Assisting with the periodic monitoring of investment performance
- Assisting with cash flow forecasts and other planning analyses
- Providing aggregated holdings analysis
- Assistance with the implementation of their investment plan via trading authority with the client’s 3rd party custodian. See “Investment Discretion” for more information.

HCA adapts its service to fit every unique client situation and specific services are identified in each client's service agreement. These services will be provided until either party terminates the agreement or, if applicable, when the project is complete.

HCA’s advice is restricted to open end funds, collective trust funds, variable annuities, money market funds, 3rd party separate account managers and other “non-covered” securities as defined in our Code of Ethics. HCA does not provide specific advice with respect to individual stocks, bonds, derivatives or other “covered securities” under our Code of Ethics. In every case, clients have the ultimate authority over all investment decisions and HCA accepts no discretion over client portfolios.

HCA does not manage or continually supervise client portfolios or the underlying individual security transactions that occur in client portfolios through funds or 3rd party managers. Assets in client portfolios are not considered regulatory “assets under management”.

Plans covered by ERISA

For Plans covered by ERISA, our advisory role is to provide advice as a fiduciary within the limited scope of Section 3(21). We do not have discretionary authority or control over the plan assets or the administration of the plan. We do not act in the capacity of Sponsor, Trustee, Plan Administrator or Investment Manager. HCA’s role is to provide analyses, performance reports, fund searches and related recommendations at the direction of the client. In every case, the client has the sole authority to determine the ultimate course of action.

Client Assets Managed by HCA

Due to the nature of the services we offer, HCA does not have any reportable assets under management as of the date of this brochure.

Item 5 – Fees and Compensation

Fees are based on a combination of fixed fee, hourly or percentage of assets charges. Fees for non-advisory work (see item 10) may be on some other basis such as hourly charges. All fees are subject to negotiation. Fee structures and levels are determined on a client-by-client basis considering the size and complexity of the Plan, the scope of services and client preferences. We typically pass through travel and other direct expenses without markup. Specific fee terms are established in each client's written agreement with HCA.

HCA will generally charge for services on a quarterly basis in arrears. Clients can pay these fees directly or, where permitted by law, authorize their custodian to pay the fee from Plan assets or authorize HCA to deduct the fee from the custodial account(s). The source of payment has no bearing on the level of fees. Percent of asset fees shall be based on the market value of Plan assets following each billing cycle. In instances where the market value is not ascertainable at the time of billing, HCA will utilize the most recently available value to make this determination. Relationships initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any relationship, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

In addition to HCA's fees, clients can incur certain fund fees, transaction fees and other charges imposed by record-keepers, custodians, brokers, fund managers and other providers they utilize to implement their investment plan (specific mutual fund and exchange traded fund fee information can be found in the fund's prospectus). All such fees are in addition to HCA's fee, and HCA does not receive any of these other fee items.

Item 6 – Performance-Based Fees

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

Item 7 – Types of Clients

HCA provides services to retirement plan sponsors (corporate, Taft Hartley, non-profit), foundations, endowments, individual investors and high net worth individuals.

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

In support of a prudent investment process, HCA provides analysis and advice with respect to pooled investment funds (Mutual Funds, Exchange Traded Funds, Collective Trust Funds, Variable Annuities, etc.) and 3rd party Separate Account Managers. We evaluate portfolio strategies using a variety of risk frameworks based upon client needs. These include mean variance optimization, asset / liability management, monte-carlo simulation, value-at-risk, cash flow forecasting, horizon alignment and other techniques.

In performing our work, we rely on 3rd party data services, fund prospectuses or offering documents, institutional investment analytic systems and proprietary analysis. The work HCA provides is meant to supplement, not replace the critical disclosure documents associated with pooled investment products. These documents provide important additional disclosures that each client should consider.

Investment performance is a unique function of each client's Plan environment, asset allocation and underlying fund / manager selections. HCA does not have a performance record that can be shared, advertised or otherwise used to promote our business. Each client's performance is uniquely their own.

In all cases, investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of HCA or the integrity of HCA’s management. HCA has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

The services described above are the primary business of HCA. However, we may also work with clients on a variety of related employee benefit consulting topics, including: plan design, competitive practices, adequacy, compliance, vendor selection other related aspects of their employee benefit programs that do not include giving specific investment advice. Such services (broadly referred to as “Benefit Consulting”) vary widely by client and are not covered by this ADV. Across the firm, these services vary significantly year to year and are often of a project nature. We typically expect that between 10% and 30% of our time is spent on such activities in a given year.

Item 11 – Code of Ethics

HCA has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All HCA’s supervised employees are required to acknowledge and follow HCA’s Code of Ethics. Below are selected highlights from the Code of Ethics which any client or prospect can request at any time by contacting: compliance@hcportfolios.com.

Personal Security Trading

When an advisor recommends the purchase or sale of securities to a client in which they (or their other clients) have a position of interest, a conflict exists which needs to be carefully monitored, managed and disclosed. In doing so, certain classes of securities (“non-covered securities”) or transactions (“excludable transactions”) are deemed to be excludable under the law and under our Code of Ethics.

HCA does not make client recommendations regarding the purchase or sale of individual stocks, bonds, Initial Public Offerings (IPOs), private offerings or other “covered securities” (open end funds and money market funds and other “non-covered securities” are the only types of securities we recommend for clients). Thus, we anticipate little opportunity for overlap between client recommendations and a personal transaction of covered securities that a supervised employee of HCA might make. Nevertheless, HCA monitors supervised employee investment activity to assure no unanticipated client conflicts of interest arise.

Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. HCA is not dually registered and does not have an affiliated broker-dealer. Further, HCA does not maintain a proprietary trading account of any kind – all firm assets are invested in cash equivalents.

Vendor Sponsored Activity

Retirement plan clients are typically served by other 3rd party “vendors” such as fund managers, record-keepers, accountants, etc. HCA receives no direct compensation of any kind from these vendors. HCA will occasionally attend educational meetings, seminars or conferences sponsored and paid for by one or more of these vendors that may or may not share a business relationship with a HCA Client. The sponsorship of these events can be secondary (e.g., vendor sponsorship of an industry conference such as CIMA or ASPAA) or primary (e.g., a lunch meeting for HCA personnel). The cost and value of these sponsored activities is not assignable to any particular HCA Client or Plan.

Item 12 – Brokerage Practices

HCA clients are free to work with investment custodians, broker dealers, fund companies and service providers of their choice. HCA imposes no requirements, assumes no discretion and accepts no compensation or soft dollar benefits from such providers. Further, the client's underlying 3rd party portfolio (fund) managers assume all responsibility with respect to all underlying portfolio transactions and related requirements, including best execution. HCA maintains no authority and is not a party to the execution or monitoring of those transactions.

A client who has selected Charles Schwab & Co. ("Schwab") as their custodian / broker can elect to use HCA's limited discretion Implemented Solutions service where HCA assists with the purchase or sale of investments. Such transactions are restricted to "non-covered securities" under our Code of Ethics (open end funds and money market funds for example). While clients are free to use any custodian or broker of their choosing, HCA only provides these limited scope Implemented Solutions services when Schwab is selected. When HCA is engaged to provide this service, it is with the knowledge the client has selected Schwab as the firm they wish to use to custody their assets and to broker their trades and that they have directed HCA to execute transactions within those constraints.

HCA strives to further protect clients by providing the following independent reviews:

- Highland will review available fund share classes at the time of purchase to identify the most cost-effective class, unless the client has specific need or preference for another class.
- Highland will periodically evaluate the opportunity for client to exchange share classes to a different share class which may provide an opportunity to reduce fund fees; and
- Prior to recommending open-end funds, Highland will review the fund's operating expense ratio, turnover rates, transaction fees, net performance and other factors that help assure fees are reasonable.

Item 13 – Review of Accounts

HCA periodically reviews client investment holdings at a frequency level of the client's choosing. These reviews typically take the form of a written report delivered to the client in person or remotely.

HCA does not monitor individual client security transactions, whether made directly by the client or by a 3rd party manager, in between these periodic reviews.

Item 14 – Client Referrals and Other Compensation

HCA does not compensate 3rd party, non-supervised persons for client referrals.

Item 15 – Custody

HCA does not take physical custody of client assets under any circumstances, nor does it take discretion over the selection of a 3rd party custodian or recommend any specific custodian. However, HCA will currently only accept limited discretion investment authority under the Implement Solutions service for clients that utilize Schwab as their 3rd party custodian (see "Investment Discretion"). In such cases, the use of HCA's Implemented Solutions service shall constitute direction from the client to utilize Schwab for custody and trading.

Client authorization for HCA to deduct its fees directly from the custodial account(s) may constitute a limited form of custody and shall be disclosed to the SEC accordingly. In such cases, all fees will show up as transparent deductions from client account(s).

At least quarterly, clients should receive statements directly from the broker dealer, bank or other qualified custodian that holds and maintains their investment assets. As an important safeguard, HCA urges you to carefully review such statements and compare such official custodial records to the account statements and fee schedules that we or other providers may provide to you, noting that our reports may vary from custodial statements based on accounting procedures, reporting dates, or the valuation methodologies of certain securities.

Clients have the option to provide HCA limited authority to initiate money movements on their behalf subject to specific limitations to meant to assure that HCA is not deemed to have custody of client assets (see “Investment Discretion”)

Item 16 – Investment Discretion

Under the Implemented Solutions service, HCA will accept limited discretion to assist clients with security transactions through their broker dealer / custodian. The nature of the limited discretion we assume is determined exclusively by each client’s preference and particular circumstances. Our general guidelines are as follows:

- The limited trading and/or security selection discretion described below is always discharged within the context of a pre-approved client investment plan, which includes strategic asset allocation targets. For some clients this will take the form of a highly specific investment policy statement with allocation targets, rebalancing parameters and where resulting trades are client-reviewed and pre-authorized. For other clients the parameters will be less specific. For example, a client may authorize HCA to implement a 50% stock index mutual fund target with no specific parameters around which mutual funds to buy or sell to achieve this target. In such cases, HCA will use its best judgment and the client’s best interests to select suitable funds.
- The only securities we will accept discretion over are those considered non-covered securities under our Code of Ethics. In cases where HCA inherits covered securities at the inception of the relationship, those securities will only be traded at the direction of the client.
- Under the Implemented Solutions service, as authorized in the client service agreement (and/or agreement with the client’s 3rd party custodian) and subject to written restrictions or parameters provided by the client, the specific acts of limited discretion we will provide are:
 - Execution of unsolicited, client directed purchases and sales
 - Execution of purchases and sales of a recommended, non-covered security that the client approves (we do not recommend covered securities as defined in our Code of Ethics)
 - Selection of non-covered index fund securities following client approval of an asset allocation target
 - Payment of advisory fees according to the fee schedule established in the client service agreement (for clients that prefer this method of payment)
- Further, under the Implemented Solutions service, a client has the option to provide HCA authorization to move money on their behalf (transfers between accounts, one time or periodic movement of money to a bank account, etc.) subject to the following:
 - At the client’s request, and after having the proper authorization on file with the custodian, HCA can initiate one time or ongoing “first party” money movements between client accounts (movements between the accounts held in the name of the client) so long as the account details (Institution, routing and account numbers, etc.) are provided at the time authorization is granted;
 - HCA will not initiate movements of money from the custodian to a *third party* (someone other than the client) without the review and signature of the client;
 - Effective 7/15/2017, first party wire transaction shall also require the review and signature of the client unless the account specifics (Name, Routing number, account number, etc.) were provided at the time the HCA’s authorization was established with the custodian.

- In cases where the specific timing of trades is subject to our discretion, no attempt is made to “time the market”. General timing parameters are typically discussed with the client in advance (for example, a large allocation shift may accompany a client approval to implement the shift over several quarters on a discretionary basis).
- For clients utilizing 3rd party Separate Account Managers, Highland is exclusively nondiscretionary with respect to those accounts and security transactions are only known to Highland on an “after-the-fact” reporting basis.

Item 17 – Voting Client Securities

HCA does not accept discretion with respect to the exercise of client voting rights. Clients may retain this responsibility or pass them through to a 3rd party (managers, custodians, plan participants, trustees, etc.).

Item 18 – Financial Information

Registered investment advisers are required to provide you with certain financial information or disclosures about HCA’s financial condition. HCA 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.