

Form ADV Part 3: Relationship Summary Highland Capital Advisors, LLC

Introduction

Highland Capital Advisors, LLC (“Highland Capital Advisors” or “we”) is an investment adviser registered with the U.S. Securities and Exchange Commission. We offer our clients investment advisory services. Clients should understand that the services we provide and fees we charge are different than those of a broker-dealer, and that it is important to understand the difference between the two. Free and simple tools are available to research firms and financial professionals at <https://www.investor.gov/CRS>, which also provides educational materials about investment advisers, broker-dealers and investing.

What Investment Services and Advice Can You Provide Me?

Description of Services: Highland Capital Advisors offers asset management services to retail investors. Asset Management Services: We will review your financial situation and design a strategy to try and achieve your investment goals. We will help you identify suitable investments to implement the strategy. At least annually we will review your investments and be available to discuss your portfolio. For more information, please see **Item 4** of our **Form ADV Part 2A**. When engaging us for asset management services, you can choose whether you’d like us to provide services on a **discretionary** basis (we will have the authority to determine the type and amount of securities to be bought or sold in your account) or a **non-discretionary basis** (we will have to confirm any trades in your account with you before we place them). For more information about investment authority, please see **Item 16** of our **Form ADV Part 2A**.

Limited Investment Offerings: We recommend investment portfolios designed to be suitable for each client relative to that client’s specific circumstances and needs. Our recommendations are limited to open end funds (mutual funds and exchange traded funds) that are available on your custodian/broker-dealer’s platform. We do not offer proprietary funds of any kind.

Account & Fee Minimums: We require an annual minimum fee of \$5,000 in order to open an account managed by us. We can work with clients of almost any size, but with the minimum fee, we generally find it makes the most financial sense when clients have investible assets of \$1 million or more.

Conversation Starters: *Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

What Fees Will I Pay?

Description of Principal Fees & Costs: Fees charged for our asset management services are charged based on a percentage of assets under management, billed on a quarterly calendar basis, and calculated based on the fair market value of your account as of the last business day of the billing period. The annual fee for our management services may vary on a case by case basis depending on the size and complexity of your portfolios. In most cases, our fee for asset management services is 0.50% for accounts custodied at Schwab and 0.25% on assets custodied elsewhere but overseen by us for purposes of monitoring overall risk levels. Because our fee is based upon the value of your account, we have an incentive to recommend that you increase the level of assets in your account. In addition to our fees, you will also incur other fees and expenses from other providers. The broker-dealer/custodian on your account will charge you transaction fees for executing trades in your account. You will also be charged internal fees and expenses by the funds we invest in within your account.

Additional Information: You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. For more information about the fees we charge and the other fees and expenses you will incur, please see **Item 5** of **Form ADV Part 2A**.

Conversation Starters: *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

***What Are Your Legal Obligations to Me When Acting as My Investment Adviser?
How Else Does Your Firm Make Money and What Conflicts of Interest Do You Have?***

Standard of Conduct: When we act as your investment adviser, we must act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

To the extent we recommend you roll over your account from a current retirement plan to an individual retirement account (“IRA”) managed by us and subject to our asset-based investment advisory fees, this is a conflict of interest because we have a financial incentive to recommend that you move your IRA to us even if it is not in your best interest. For more information about this conflict and our procedures to mitigate the conflict, see **Item 4 of Form ADV Part 2A**.

Providing asset management services on a discretionary basis (where we select the investments and execute the trades on your behalf) requires the account be maintained with Charles Schwab & Co., Inc. This requirement is not based on your interest of receiving the best execution possible. You are free to hold your accounts elsewhere. However, since fees are higher for discretionary vs. non-discretionary services, it is in our interest that you utilize Charles Schwab & Co. for these services. They also provide us with research, products and tools that help us manage and further develop our business operations. As a result, we do not have to pay for such benefits, which save us money; however, these arrangements create a conflict of interest. See **Item 12 of Form ADV Part 2A** for more information.

Conversation Starters: *How might your conflicts of interest affect me, and how will you address them?*

Additional Information: For more information about our conflicts of interests and the ways we are compensated, please see **Item 5** and **Item 10** of **Form ADV Part 2A**.

How Do Your Financial Professionals Make Money?

Description of Salary/Payment of IARs: We compensate our investment adviser representatives in part based on the level of assets that the representative oversees. This gives your representative an incentive to recommend you invest more in your account with us due to the potential for increased compensation.

Do You or Your Financial Professionals Have Legal or Disciplinary History?

No. Neither us, nor our investment adviser representatives have a legal or disciplinary history to report. You can look up more information about us and our investment adviser representatives at <https://www.investor.gov/CRS>.

Conversation Starters: *As a financial professional, do you have any disciplinary history? For what type of conduct?*

Additional Information About Highland Capital Advisors

Additional information about us and a copy of this relationship summary are available on the Internet at www.hcadv.com. You can also find our disclosure brochures and other information about us at <https://adviserinfo.sec.gov/firm/summary/139780>. If you have any questions or want an up-to-date copy of this relationship summary, we can be reached by phone at 800-717-6180.

Conversation Starters: *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*