

## 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 provides Investment Advisory Services to retail investors (individuals, families and households). We review your financial situation and design a strategy to try and achieve your investment goals. We will help you identify suitable investments and help you 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**. Depending on where your investment accounts are held, our investment advisory services may be provided on a **discretionary** basis (where we will have the authority to select the investment funds in your account and place the buy or sell trades on your behalf) or a **non-discretionary basis** (where we review and discuss your investments, but you have the responsibility to place any suggested trades). Discretionary support is generally only available for accounts held at Charles Schwab & Co (“Schwab”). Most other accounts (workplace 401(k)’s for example) are supported on a non-discretionary basis. 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. For discretionary accounts, we use open end mutual funds and ETFs (exchange traded funds) that are available on your custodian/broker-dealer’s platform. We do not recommend individual securities or offer proprietary funds of any kind.

**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:** Our standard annual fee schedule is based upon the amount of assets under advisement as follows: 0.70% of the first \$1million, 0.50% on the next \$4million and 0.30% thereafter, subject to the Minimum Fee described below. The fee may vary on a case-by-case basis depending on your particular scope of services and the size and complexity of your portfolios. One fourth of the annual fee rate is multiplied by the fair market value of your account(s) at the end of each calendar quarter and automatically deducted from your account(s). Because our fee is based upon the value of your account(s), we have an incentive to have you increase the level of assets in your accounts.

You will also incur other fees and expenses from other providers. The banks, brokerage firms or other companies that hold (custody) your investments may charge you transaction fees for buying or selling funds in your account(s). Each of the funds used in your portfolio may also charge an internal management fee (“expense ratio”). In the case of a workplace retirement plan you may also be charged a recordkeeping fee. Highland does not share in any of these other fees.

**Minimum Fee:** Our annual minimum fee is \$2,500. As such, while we can work with clients of almost any size, we generally find it makes the most financial sense when clients have investible assets of \$250,000 or more under advisement.

**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 are acting as a fiduciary. 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.

Since fees are asset based, we have an inherent conflict of interest with respect making recommendations that might reduce your assets under advisement. For example, if you asked us for a recommendation about paying down debt vs. keeping the assets in your account(s) our recommendation would be based on what we believe is in your best interest, but at the same time we have a conflict of interest because this will lower the fees we earn on your account(s). For more information about this conflict and our procedures to mitigate the conflict, see **Item 4 of Form ADV Part 2A**.

You are free to hold your accounts with any custodian, but discretionary services (where we select the investments and execute the trades on your behalf) are currently only offered for accounts custodied at Schwab. This limitation helps keep our business efficient and provides us access to their research, technology and educational content. Thus, while we prefer you to utilize Schwab this creates a potential conflict of interest since there is no guarantee that they will always provide you the best custodial fees, trade execution or services. 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](http://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?