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**HTK Disclosure Brochure
(Form ADV, Part 2A)**

HTK Advisory Services

1. Financial Planning Services
2. Portfolio Monitoring & Consulting Services
3. Third-Party Advisory Programs

This brochure provides information about the qualifications and business practices of Hornor, Townsend & Kent, Inc. ("HTK"). If you have any questions about the contents of this brochure, please contact us at (800) 873-7637 or at clientinquiries.htkria@htk.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.

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

This brochure is the initial Form ADV Part 2A for HTK. As such, there are no material changes to report.

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I. Advisory Business

Principal Owners

Honor, Townsend & Kent, Inc. (“HTK”) is registered as an investment advisor under the Investment Advisers Act of 1940 and as a broker-dealer under the Securities Exchange Act of 1934. HTK is also a registered broker/dealer with the Financial Industry Regulatory Authority, Inc. (“FINRA”) and a member of SIPC.

HTK is a wholly-owned subsidiary of the Penn Mutual Life Insurance Company (“Penn Mutual”) and serves as a distributor for variable insurance products issued by Penn Mutual and the Penn Insurance and Annuity Company.

Types of Advisory Services

As a registered adviser, HTK provides advisory services to clients by and through our investment adviser representatives (“IARs”). These services consist of investment and financial planning advice entailing an analysis of client needs and investment choices to meet those needs. When providing advisory services, HTK and IARs may provide advice on various types of investments, including, but not limited to, equity securities; municipal, corporate and government fixed income securities; exchanged traded funds (“ETFs”); Real Estate Investment Trusts (“REITs”); options; unit investment trusts (“UITs”); variable annuities; variable life insurance; fixed insurance; as well as other products and services, including asset allocation services.

HTK provides a wide range of advisory services and this brochure provides clients and prospective clients with information about financial planning services and the third-party advisory programs offered by HTK. In addition, to financial planning services, HTK may also refer clients to other investment advisers not affiliated with HTK.

Financial planning services, to include portfolio monitoring / consulting services, consist primarily of investment and financial planning advice involving an analysis of client investment objectives and financial situations and recommending advice/services to meet the objectives of the Client.

Below is detailed description of the advisory services offered by HTK and our relationships with third-party advisers. HTK may discontinue certain relationships and add other advisory relationships at any time. For additional details on each of these programs, please refer to Disclosure Brochure for the applicable adviser.

Note: HTK also provides other advisory services and asset management programs. All asset management programs are designed to offer Clients a diversified, long-term approach to their personal investment goals and objectives through asset allocation, portfolio monitoring and consolidated reporting. Please refer to HTK’s other disclosure documents for further information about programs and services available through HTK not covered in this brochure.

Financial Planning Services (Securities & Non-Securities)

HTK may provide non-discretionary financial planning services to clients following an analysis of a confidential client questionnaire completed by the client and a personal consultation with the client. Services will generally include a written financial plan consisting of one or more of the following topics: investment planning, retirement planning, estate planning, wealth accumulation, business planning, education planning, etc. Depending on their needs, the client may select either a full financial analysis or an analysis of a specific financial area. In any event, the analysis will contain generic recommendations for a client and not include specific product recommendations.

Clients have full discretion as to how they choose to implement their financial plan and/or the any of the recommendations discussed in the financial plan. There is no requirement to use HTK or any of its representatives for investment services. If applicable, an additional agreement will be required if the Client chooses to utilize the IAR for further advisory services and/or engage an HTK representative for brokerage or other financial services.

Note: The investment recommendations and advice offered by HTK and IARs are not legal or accounting advice. The Client should coordinate and discuss the impact of financial advice with their legal counsel or tax advisor. Neither HTK nor its representatives (unless independent of their relationship with HTK) are qualified to offer legal or tax advice.

When offering financial planning services IARs are required to use HTK-approved software tools offered by certain third-party vendors for financial analysis. These tools provide analysis and general guidance toward accomplishing the Client's stated investment goals.

Portfolio Monitoring and Consulting Services

Portfolio Monitoring Services provides on-going analysis of the client's current investment portfolio, including recommendations for adjustments. It may also include the preparation of performance reports, consolidated statements, periodic consultation or other services at the request of the client. Portfolio monitoring services can only be provided for assets/accounts for which HTK is not listed as the broker-dealer of record. This service includes periodic consultations and the preparation of reports based on the services requested by client.

Consulting Services includes analysis and advice on financial and business matters. Services may include investment monitoring, review of portfolio managers, retirement plan sponsor and participant advice, presentations or seminar materials and/or other services requested of the client. In addition, this service includes periodic consultations and the preparation of reports based on the services requested by client.

When offering portfolio monitoring / consulting services IARs are required to use HTK-approved software tools offered by certain third-party vendors for financial analysis. These tools provide analysis and general guidance toward accomplishing the Client's stated investment goals.

Program Descriptions for Third-Party Asset Manager Programs

Third-Party Asset Managers ("TPAM") reviewed and approved by HTK for use by IARs include wrap fee programs, where the Client pays a single fee for execution and portfolio management services. The portfolio manager provides directions as to when to buy / sell securities, in accordance with the asset allocation services selected by the client. TPAM programs may also include traditional research, advisory and investment management services. The TPAMs approved by HTK typically are well-established providers that have demonstrated an ability to add value to Clients' portfolios. HTK reviews the services provided by the TPAM and related portfolio managers. If approved, the TPAM is added to an approved list of programs for use by HTK IARs. HTK is not the sponsor of these programs and acts as a co-advisor to the client to support the delivery of portfolio management services with respect to such programs.

In general, the services provided by HTK include, but are not limited to, assisting Clients with establishing investment objectives, investment time horizons, risk tolerance; setting restrictions or limitations on the management of the account; explaining portfolio strategies used by the TPAM; and performance monitoring. This advice is used to help Clients with selecting the model portfolio, separate investment managers, or sub-account options that may be most appropriate based on their objectives and investment needs.

Upon selection of a TPAM program, the client will sign the applicable advisory agreement with the TPAM and deposit funds in an appropriate account with the TPAM. Thereafter, the Client's funds will be invested as recommended by a portfolio manager available within the TPAM program. Note: HTK IARs do not actively participate in the execution of any securities transactions for a Client's TPAM program account. TPAM accounts are maintained with recognized clearing broker-dealers / custodian.

For more detailed information, Clients should refer to the TPAM's Form ADV Part 2A and any other applicable documentation required to establish an account.

Investment Restrictions

Depending on the service or TPAM program selected, Clients may have the opportunity to impose reasonable restrictions on the securities purchased or the way their account is managed.

For HTK advisory services - financial planning and portfolio monitoring / consulting, the advice provided will be based on the information, needs and restrictions provided by the client. The IAR will take all such information into account when delivering advice to clients that subscribe to the financial planning and/or portfolio monitoring and consulting services offered by HTK.

Clients should refer to the TPAM's Form ADV Part 2A and any other applicable documentation to obtain additional information regarding restrictions the TPAM provides to clients regarding investing in certain securities or types of securities.

Assets Under Management

As of 12/31/2010, HTK managed \$1,117,800,000.00 on behalf of clients - \$1,059,600,000.00 was managed on a non-discretionary basis and \$58,200,000.00 was managed on a discretionary basis.

II. Fees and Compensation

Fees charged are negotiable and assessed on an individual client basis according to different methods disclosed to and agreed upon in advance with the client, including hourly fees, fixed fees, or a percentage of assets under management. Amounts charged take into account the complexity of work performed, time involved, degree of responsibility of the IAR, special needs and characteristics of the client, types of investments, costs to manage the account, etc.

Financial Planning

Fees charged by IARs are generally based upon actual or estimated hourly charges, which may vary according the complexity of the financial planning services being provided.

Flat Fee Contracts: HTK offers clients a flat fee contract for fee-based financial planning. Flat fee arrangements are offered on a negotiated basis or in accordance with a fixed fee schedule, depending on the service(s) involved, and agreed upon in writing and in advance by both the client and HTK. Flat fees are typically based on the amount of time the IAR estimates for the completion and delivery of the plan.

Hourly Fees: Fees are based on the amount of time and billed at an hourly rate agreed to in writing and in advance by both the client and HTK.

Fees for financial planning services are negotiable between the IAR and the client. Fees assessed for financial planning services cannot exceed \$500 an hour up to a total cost of \$100,000 and will depend on the complexity of the services provided.

Financial planning fees are collected as follows: 50% of the agreed upon fee payable in advance of services; the remaining 50% will be due upon delivery of the plan. The first part of the fee covers the following services: the initial meeting with the client; and the gathering of data and other documents the IAR will need to analyze to provide advice requested by the client. The final fee covers the analyzing of data / information; creating / delivering the plan; and the final meeting with the Client to discuss the plan, client objectives and recommendations. In certain situations, HTK may allow the client to pay 100% of the agreed upon fee upon delivery of the plan.

Portfolio Monitoring and Consulting

Fees for portfolio monitoring and consulting services may be negotiated, are charged in arrears and are assessed on a quarterly or semi-annual basis as agreed upon by client and IAR.

Portfolio monitoring services can only be provided for assets / accounts that HTK is not listed as the broker-dealer of record. Fees charged are negotiable and assessed based on the assets under review. Fees for portfolio monitoring:

Assets Valued at:	Maximum Annual Fee
\$100,000 - \$500,000	1.00%
\$500,001 - \$1,000,000	0.75%
\$1,000,001 - \$5,000,000	0.50%
\$5,000,001 and above	0.30%

Fees for consulting services are assessed at an hourly rate and the maximum fee charged is \$500 / hour. **Note:** Subject to prior approval, HTK may allow IARs to provide services listed under both the portfolio monitoring and consulting modules to clients. If approved, the Client can select either an asset based or an hourly fee.

Third-Party Asset Manager Programs:

As noted above, IARs may also participate in, HTK approved, programs established by other investment advisory firms (“TPAMs”). The specific services and related fees are more fully described in the respective TPAM’s Form ADV Part. TPAMs generally charge fees that are debited on a quarterly basis (usually quarterly) from Client accounts. Clients should carefully review the TPAM’s Form ADV Part 2A, to fully understand all services to be provided, as well as the fees and expenses that will be associated with those services to determine (1) if compensation is payable before a service is provided; (2) when compensation is payable; (3) how a Client may obtain a refund; (4) the conflicts of interest that exist with respect to the Client’s participation in the program; and (5) how a Client may terminate the advisory contract.

For services provided by HTK to Clients participating in TPAM program, HTK is paid a fee based on assets under management. The fees and charges listed below include all charges and expenses with respect to the client's account only for the services of HTK.

For TPAMs that use a retroactive fee schedule, the fees assessed by HTK are as follows:

Assets Valued at:	Advisory Fee Range
\$ 0 - \$500,000	0.70% - 1.20%
\$500,001 - \$1,000,000	0.60% - 1.10%
Above \$1,000,000	0.40% - 0.90%

For TPAMs that use a blended fee schedule, the fees assessed by HTK are as follows:

Assets Valued at:	Advisory Fee Range
Up to \$500,000	0.70% - 1.20%
Next \$500,000	0.60% - 1.10%
Above \$1,000,000	0.40% - 0.90%

A **retroactive** fee is similar to breakpoints on a mutual fund; at each new asset threshold the client pays a lower fee on the total portfolio. A **blended** fee means one fee is charged on the initial “tier”, a different fee is charged for assets on the next tier, and so on.

Other Fees and Expenses

HTK Advisory Services – Financial Planning and Portfolio Monitoring / Consulting

IARs who provide financial planning and/or consulting services may also receive commissions from HTK or its affiliates in connection with sales of financial products recommended. Should the Client decide to implement an investment recommendation to purchase or sell securities through the IAR, Clients should be aware the IAR is also registered with HTK’s broker-dealer as a registered representative. Client should also understand that HTK requires all securities transactions recommended by an IAR and/or registered representative be implemented through HTK unless the registered person has received prior written approval. If clients elect to implement recommendations through the IAR, HTK and the IAR will receive additional commissions or fees for executing transactions. The receipt of commissions for financial products sales may create a potential conflict of interest for the IAR and HTK due to fees received for financial planning or consulting services and the commissions received for securities purchased or sold through HTK. This compensation (commissions) may create an incentive for an IAR to recommend investment products based on the compensation received, rather than on a Client’s needs. HTK addresses this conflict through disclosure in this Brochure and client agreements.

Through the HTK broker dealer, and financial planning services, IARs may recommend and/or sell insurance products, brokerage services and products and tax-sheltered investments. The majority of HTK's registered representatives and IARs are licensed / appointed as life insurance agents with Penn Mutual.

When acting as an insurance agent, an HTK associate may offer / sell insurance products issued and distributed by the respective insurance company. Though HTK does not recommend the purchase of specific insurance products as part of its advisory services, an HTK representative when acting as an insurance agent may recommend the purchase of certain insurance products.

As insurance agents, HTK representatives receive commissions for the sale of insurance products that would be in addition to any compensation received for providing investment advisory services which may be an incentive for the representative to recommend these products. When acting as an insurance agent, an HTK representative is not precluded from offering life insurance products from an unaffiliated life insurance company.

Clients should be aware that when assets are invested in shares of mutual funds, ETFs, closed-end funds, UITs, or other pooled investment vehicles, the Client will pay both the direct management fees to HTK for its services in connection with these investments and, indirectly, the Client's pro-rata share of any internal management fees or expenses related to owning those investments. Client may be able to invest directly in these securities without incurring the fees charged by HTK. In addition, there may be tax consequences for fund share redemptions made by or on behalf of Clients, as well as deferred sales charges or redemption fees.

All fees paid to HTK for its investment advisory services are separate from the fees and expenses charged to Clients invested in shares of investment companies and/or other pooled investment vehicles. A complete explanation of the fees and expenses associated with these investments, along with other important information, is contained in the prospectus, disclosures and/or other information provided by the investment provider to Clients.

Clients should also understand that when opening an account with HTK there may be additional fees / charges imposed by Pershing, LLC, our clearing firm. These charges may include, but not limited to, custodial, clearing and execution charges, special fees for services rendered to special managed accounts, fees assessed to IRA or retirement type accounts, and other miscellaneous charges incurred in the normal course of business.

Please refer to the Brokerage Section of this brochure (page 9) for additional information regarding the brokerage practices of HTK.

Third Party Advisory Programs

The specific fees and expenses, including fees related to custody, brokerage charges, mutual fund service fees and other costs, for each TPAM program are described in the respective TPAM's Form ADV Part 2A. Clients should carefully review the TPAM's disclosure documents, to fully understand all services to be provided, as well the fees and expenses associated with those services.

The specific TPAM program selected by the Client may cost more or less than if the same services were purchased separately. Factors that bear upon the cost of TPAM accounts in relation to the same services purchased separately include, but may not be limited to, the type and size of the account, the size and number of trades in the account, and the range of advisory and client-related services provided. Clients should note that similar advisory services may be available from other registered investment advisers for similar, higher or lower fees.

Prepaid Fees

Termination of Advisory Contracts

Financial Planning - If the financial planning agreement is terminated within five business days from the date of inception, all fees paid in advance will be refunded. If the agreement is terminated at any other time, any prepaid and unearned fees will be returned to clients. If a client is dissatisfied with a written financial plan delivered by an IAR, HTK may, at its sole discretion, refund the client's fee partially or in full.

Portfolio Monitoring and Consulting – The agreement for portfolio monitoring and consulting services may be terminated by either party upon written notice to the other party.

Third Party Advisory Programs – Clients should refer to the disclosure documents of the applicable TPAM provider for detailed information concerning the refunding of pre-paid fees and how the advisory agreement may be terminated before its expiration date.

Compensation for the Sale of Securities

IARs and other related persons of HTK, as registered representatives of HTK (the broker/dealer), are able to execute securities transactions for separate and distinct compensation (commissions). An IAR may recommend HTK, in its capacity as a broker/dealer, to an advisory client. Clients are under no obligation to execute transactions through the IAR and HTK and may use other broker-dealers not affiliated with HTK.

If the Client elects to implement a financial plan with the IAR, the IAR in his capacity as a registered representative may receive commissions, distribution fees or both from HTK or its affiliates in connection with the purchase or sale of investments recommended in the plan. This compensation presents a conflict of interest as there is an incentive for HTK registered persons to potentially recommend investment products based on the compensation received, rather than on a Client's needs. In these situations, clients are informed that registered representatives of HTK may receive separate compensation when effecting transactions during the implementation process.

HTK does not reduce its advisory fees to offset commissions or markups.

III. Performance Based Fees and Side-by-Side Management

The fees charged by HTK for advisory services – financial planning, portfolio monitoring / consulting and/or third-party advisory programs - are not based on any share of capital gains or appreciation of the assets of a client.

Clients should refer to the disclosure documents of the applicable TPAM provider for more detailed information concerning fees and compensation terms for accounts held with a third-party advisor HTK has an agreement with to provide advisory and other services to Clients.

IV. Types of Clients

Generally, HTK provides advisory services to individuals, pension or profit sharing plans, trusts, estates, charitable organizations, corporations or other business entities. There are no account minimums or front-end requirements for clients that subscribe to the financial planning and/or consulting services offered by HTK. For portfolio monitoring services, the minimum account size is \$100,000.00 though HTK may accept accounts below the minimum account value.

Clients should refer to the disclosure documents of the applicable TPAM provider for more detailed information regarding account minimums and other conditions the TPAM requires for accounts held with the third-party advisor.

V. Methods of Analysis, Investment Strategies and Risk of Loss

HTK and IARs primarily use two methods to analyze securities and to prepare investment advice clients. One of the methods used is fundamental analysis of securities. Fundamental analysis is a method of evaluation that attempts to assess the intrinsic value of a security using “real” data. This method of analysis uses related economic, financial and other qualitative and quantitative factors to produce an assessment that can be compared to the current price of the security. The objective of fundamental analysis is to produce a value that can be compared with the security's current price, to determine the position to take with that security (underpriced = buy, overpriced = sell or short).

The other method used is technical analysis. Technical analysis is method of evaluation which analyzes statistics based on market activity, such as past prices and volume. **Note:** Past performance is not indicative of future results.

These methods of securities analysis serve as a basis for the investment advice given to clients which includes, but not limited to, long term purchases (securities held at least a year); short term purchases (securities sold within a year); and option writing (primarily, covered options strategies).

For the most part, this analysis is provided via tools provided by HTK or approved for IAR use by HTK. In addition, the services of other unaffiliated parties may be used to perform investment research which may include a screening and evaluation of investment firms, mutual funds, index funds, exchange traded funds and other managed or unmanaged investment vehicles.

HTK and IARs may also use third-party research to assist in the development of asset allocation models, investment research, security opinions, valuations, analysis and investment manager/management due diligence. An IAR may develop asset allocation models or use others from outside independent sources if approved by HTK. Each IAR may develop his or her own methods of security and portfolio analysis, sources of information, and investment strategies to assist in the delivery of investment advice to Clients. As such, recommendations by IARs and advice provided may differ.

Investing in the securities market involves investment risk including the possible loss of the principal amount invested. Neither HTK nor our IARs represent, guarantee or imply that services or methods of analysis used can or will predict future results, successfully identify market tops or bottoms, or insulate the clients from losses.

Regarding TPAM programs, clients should refer to the applicable disclosure document for more detailed information regarding the method of analysis used to provide investment advice or manage assets and the risks associated with the investment strategies used by the third-party adviser.

VI. Disciplinary Information

On 12/5/2000, Florida's Division of Securities contended that HTK operated branch offices in the state without benefit of registration. Without admitting or denying the allegations, HTK agreed with the state of Florida and paid a fine of \$25,000.00 on 8/2/2002. In addition, HTK agreed to notify Florida before conducting business from "new" locations in the state.

On 7/6/2005, FINRA (formerly, the National Association of Securities Dealers or "NASD") contended that HTK conducted national and branch sales contests for representatives and managers to promote the sale of selected variable life and annuity producers. Several of those contests included variable products offered by Penn Mutual, HTK's parent company, and those sales were given greater weight than products offered by other companies. HTK offered or awarded various forms of non-cash compensation to the winners of these contest. It was also alleged the firm failed to maintain and preserve all email communications in connection with this activity and did not implement effective policies, procedures and supervisory controls reasonably designed to ensure compliance with applicable rules and regulations. Without admitting or denying the allegations, HTK consented to these findings and described sanctions. As a result, HTK was censured and fined \$325,000.00

On 7/6/2005, the NASD contended HTK failed to establish written procedures and maintain a supervisory system reasonably designed to detect and prevent late trading in mutual fund transactions. It was also alleged the firm failed preserve certain mutual fund trading records in accordance with SEC and NASD requirements for three years and failed to create records reflecting the time mutual fund orders were received starting in 5/2/2003. Without admitting or denying the allegations, HTK consented to these findings and described sanctions. As a result, HTK was censured and fined \$150,000.00

On 10/10/2006, the NASD contended HTK failed to establish written procedures and maintain a supervisory system reasonably designed to ensure compliance with applicable securities laws with regard to the sale of group variable annuity contracts. In addition, HTK failed to properly record these transactions on the books and records of the firm. Without admitting or denying the allegations, HTK consented to these findings and described sanctions. As a result, HTK was censured and fined \$125,000.00.

On 2/26/2007, the NASD contended HTK received brokerage commissions as payment for certain mutual fund companies' participation in the marketing programs of the firm. These arrangements were deemed to not comply with applicable securities laws. In addition, HTK failed to maintain adequate records for this compensation. Without admitting or denying the allegations, HTK consented to these findings and described sanctions. As a result, HTK was censured and fined \$50,000.00.

VII. Other Financial Industry Activities and Affiliations

Broker-Dealer Registration

HTK is also a registered broker-dealer and is a correspondent firm of Pershing. In this relationship, HTK introduces Client transactions for execution, clearance and settlement. Pershing also provides custody of client brokerage accounts under this clearing arrangement.

Clients in need of brokerage or custodial services will generally have HTK in its capacity as a broker-dealer recommended to them. Although Clients are not required to select HTK for execution or custodial services, HTK will not provide brokerage services if another broker-dealer is selected. HTK and Pershing are not affiliated companies.

Other Material Relationships

In addition, the majority of HTK's registered representatives and IARs are licensed / appointed as life insurance agents with the Penn Mutual Life Insurance Co. The principal business of the Penn Mutual Life Insurance Co., HTK's parent firm, is that of a life insurance company. HTK, as broker/dealer, serves as the distributor for the registered insurance products of the Penn Mutual, and the Penn Insurance and Annuity Company, a wholly-owned subsidiary of HTK's parent. When acting as an insurance agent, an HTK representative may offer/sell insurance products issued and distributed by the respective insurance company. Though HTK does not recommend the purchase of specific insurance products as part of its advisory services, an HTK representative when acting as an insurance agent may recommend the purchase of certain insurance products. As insurance agents, HTK representatives receive commissions for the sale of insurance products which would be in addition to any compensation received for providing investment advisory services and may be an incentive for the representative to recommend these products.

IARs may own and operate their own independent companies outside of HTK. These unaffiliated companies may provide services to clients which include, but not limited to, accounting/tax practices, business consulting, insurance agencies and legal services, among others. If a client engages an IAR for such services, these services are not provided in HTK capacity but in the IAR's professional capacity independent of HTK.

Recommendations of Advisers

HTK may refer clients to other investment advisers not affiliated with HTK depending on the needs and objectives of the client. These advisers may offer traditional discretionary advisory services, asset allocation advice, or other types of investment management or supervisory services. These advisers compensate HTK for support we may provide in managing the advisory relationship or for referrals to the third-party advisers.

All clients will receive written disclosure of HTK's arrangement with the adviser, and the adviser's Disclosure Brochure. The programs and the services provided by the adviser and HTK are more fully described in the separate brochure or other applicable disclosure document for each program. This information is available upon request and will be supplied to the client before entering an advisory relationship or an account is established on their behalf.

VIII. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

HTK has adopted a Code of Ethics which governs the conduct of all associated persons. HTK holds the following general principles regarding ethics:

- Associated persons must comply with applicable federal securities laws and HTK requirements;
- At all times place the interests of clients first;
- All personal securities transactions must be conducted consistent with the code of ethics and avoid any actual or potential conflict of interest or any abuse of a position of trust and responsibility;
- Investment adviser personnel should not take inappropriate advantage of their positions;
- Information concerning the identity of security holdings and financial circumstances of clients is confidential and is not to be shared except with those associates that need such information to perform their duties;
- Independence in the investment decision-making process is paramount; and
- Any individual not in observance of our Ethics policy may be subject to disciplinary action, to include possible termination.

Our Code of Ethics, requires all officers and other related persons to ensure HTK receives required information for accounts which the related person has either direct / indirect beneficial ownership. In addition, all related persons are required to provide information on all reportable securities transactions by the related person. Related persons' accounts are periodically reviewed for analysis of potential conflicts of interest and to satisfy applicable regulatory requirements.

HTK will provide a copy of our Code of Ethics to any client or prospective client upon request.

Participation or Interest in Personal Trading – Client Recommendations

HTK and related persons may buy or sell securities identical to those recommended to clients. As a general practice, client orders (buys / sells) must be executed before transactions are made in IAR and/or related persons accounts when there are transactions in the same securities. HTK periodically reviews the brokerage accounts of related persons against transactions executed on behalf of clients to ensure the activity of IARs is in agreement with HTK policies and applicable securities regulations.

In additions, HTK has adopted policies and procedures that seek to prevent access to non-public information about securities recommendations, and client securities, holdings and transactions, except to those associates that need such information to perform their duties.

HTK policy expressly prohibits any related person of HTK from profiting at the expense of our clients and/or competing with a client. In keeping with our policy, no related person's securities activity, either personally or in support of others, may be based on the use of material, non-public information with respect to any such security.

IX. Brokerage Practices

Broker-Dealer Selection

If a client elects to establish a brokerage account with HTK in its broker-dealer capacity, brokerage and custodial services are provided by HTK's clearing broker-dealer, Pershing LLC. When acting in a brokerage capacity, HTK does not currently permit clients to select broker-dealers other than Pershing. Although no Client is required to select HTK for execution or custodial services, HTK will not allow Clients to participate in the HTK AMP program if another broker-dealer is selected. HTK does not have the discretion to select the broker-dealer to use other than Pershing. HTK and Pershing are not affiliated companies.

HTK uses Pershing's reporting of its execution quality in comparison with other industry participants to assist in evaluating their execution services.

Aggregation of Trades

Client orders are executed individually and as a general practice the purchase or sales of securities are not aggregated for client accounts held with HTK. As a result, certain clients may pay higher or lower prices for securities as a result of HTK's trading procedures.

Clients should refer to the TPAM's Form ADV Part 2A and any other applicable documentation for information regarding the brokerage practices of the third-party adviser.

X. Review of Accounts

Generally, the IAR conducts an initial meeting with the client to determine investment objectives and risk tolerance to ensure the services and advice provided are in agreement with the client's investment needs and current financial situation. At least annually, IARs seek to meet with their clients to review suitability information, investment instructions, and other information which may be on file. Client and IAR, together, assess the client's current financial situation to determine whether changes in their objective(s) warrant a change in how assets are managed.

For portfolio monitoring and consulting clients, services are reviewed when the Client is billed to ensure the advice provided is consistent with the objectives and other suitability information on file for the Client. In addition, HTK also reviews to ensure the services provided are in line with the agreement, parameters and services selected by the Client.

HTK also periodically reviews TPAM accounts to monitor and confirm the TPAM and available Managers remain within expected investment styles and the account is in agreement with the Client's current investment objectives and financial goals.

Clients should also refer to TPAM's disclosure documents for more specific information about a specific program and the review of accounts / portfolios.

HTK home office and supervisory personnel review client accounts and advisory services to identify situations that may warrant a more detailed review or specific action on behalf of a portfolio or Client. Such reviews, include, but are not necessarily limited to suitability, fees, investment results, etc.

Client Reports

For all asset management programs, a quarterly statement is delivered detailing portfolio holdings and market prices, all transactions, performance data and fee billing information. In some cases, statements may be delivered to clients by a third-party for those advisory programs where HTK has entered into an agreement with an unaffiliated RIA to provide certain advisory services. For assets held with HTK's clearing firm, Pershing, trade confirmations are provided for securities transaction placed in the account.

Additionally, clients can contact their IAR, the TPAM and/or the sponsor on an as needed basis to discuss holdings, account valuations, performance, etc.

XI. Client Referrals and Other Compensation

Other Compensation

HTK receives compensation from the advisers or distributors of mutual funds when it invests client assets in the funds. The amount of compensation is based primarily on the amount of sales of fund shares and/or total assets with the funds. The amount of support may be affected by total sales, net sales, levels of redemptions, and other factors.

Advisors and distributors may make these payments from their own resources (known as "revenue sharing") or from their retention of underwriting concessions. In the case of funds that have Rule 12b-1 plans, funds pay distributors under such plans, and distributors may share the payments they receive with HTK. HTK currently receives revenue sharing payments from Pershing, LLC, the distributor of money market funds in which HTK client assets are invested.

Cash awaiting investment or reinvestment in custodian accounts may be invested in a money market fund, pursuant to an automatic cash sweep program. The advisor to the fund receives a management fee for its services, and may be an affiliated entity of the advisor, broker and/or custodian of the account. These money market funds may pay HTK out of their Rule 12b-1 (distribution) plans. These payments are not credited back to the client in calculating the client's advisory fee. Funds that have Rule 12b-1 plans may have lower yields than funds that do not. HTK's receipt of 12b-1 fees from a money market fund may create a conflict of interest for HTK in allocating client assets to a money market fund.

Pershing maintains a list of no-load mutual funds on its FundVest platform. The advisor to a mutual fund on the FundVest platform may pay revenue sharing to Pershing; Pershing shares this compensation with HTK. Because of this payment, HTK may have a conflict of interest in recommending funds on the FundVest platform to clients. Short-term redemption fees may also apply if a fund is held for less than three months. HTK addresses this conflict through disclosure in this Brochure.

HTK's Marketing Partners Program is a program designed to offer managed account program sponsors access to HTK's network of IARs for marketing, training and education purposes. Forming a focused group of supporting sponsors enables HTK to efficiently use its resources in educating its IARs. Marketing Partners receive access to IARs through participation in the following: lists of HTK IARs; educational or sales conferences; and teleconference training. As part of the program, HTK may publicize and/or promote the products, sales ideas and other marketing materials from these supporting sponsors. All approved product sponsors of investment company securities, advisory products and direct participation programs have the opportunity to participate in the Marketing Partners Program. Marketing Partners compensate HTK to obtain greater access to IARs and registered representatives. IARs are not required to promote a Marketing Partner's products or services to client.

In addition, HTK does not allow any additional compensation to be paid to IARs for recommending a Marketing Partner's investments or products. Recommendations made by IARs to clients must be based upon the product suitability and consistent with the stated objectives of the client.

HTK IARs may receive production bonuses as a result of reaching certain levels of sales and/or assets under management. Production levels and compensation to representatives may vary. There is a potential conflict of interest for HTK and its IARs in recommending certain affiliated products, because HTK keeps a greater share of the revenue from that product.

HTK IARs are eligible to receive incentives, prizes, awards, and certain reimbursements for advertising, sales literature and promotion offered by product promoters such as mutual fund companies. HTK's policy is to permit all IARs to accept such awards and prizes to the extent that they are usual and customary within the industry, and in compliance with the SEC, FINRA, or state rules, regulations or guidelines.

Because an IAR may receive such incentives, a conflict of interest exists when an IAR recommends a product or service for which an incentive or prize may be awarded.

HTK may assist Clients with selecting unaffiliated third-party advisers by referring them to the adviser for portfolio management services. In these situations HTK and IARs act as "Solicitors" for the third-party adviser but do not provide advisory services to the Client with regard to referred assets. HTK and its IARs are compensated in for referrals to an independent money manager or consultant. HTK and IARs will conduct all solicitation activities in accordance with applicable state regulations and SEC Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended. Referral fees are paid pursuant to a written agreement retained by both the third-party adviser and HTK and disclosure of the arrangement is provided to the client prior to or at the time of entering into an advisory contract.

XII. Custody

Excluding HTK's ability to deduct fees from proprietary advisory programs, HTK does not have custody of Client funds or securities. Clients receive account statements quarterly, or more frequently, from the broker-dealer or other qualified custodian that holds their account / assets.

Regarding third-party advisory programs, Clients should refer to the respective TPAM's Form ADV Part 2A for complete information concerning custodial practices and policies of the TPAM.

XIII. Investment Discretion

Clients generally grant HTK and IAR nondiscretionary authority to provide investment advice and recommendations for accounts held with Pershing, via HTK. On an infrequent and limited basis, HTK may also provide investment management services on a discretionary basis. In these situations, clients give HTK and IAR limited discretionary authority to effect mutual fund transactions within an account by signing a Limited Trading Authorization. Such services are provided within guidelines formulated with each client, based upon their stated investment objectives

Clients should refer to the respective TPAM's Form ADV Part 2A for complete information regarding policies and procedures for investment discretion.

XIV. Voting Client Securities

HTK and IARs are expressly precluded from taking any action on behalf of clients, and are not obligated to render any advice to clients, with respect to (a) the voting of proxies solicited by, or with respect to, the issuers of any securities held in the account; or (b) legal proceedings involving securities or other investments presently or previously held in the account, or the issuers thereof, including bankruptcies and class action lawsuits.

Clients receive proxies or other solicitations directly from the custodian or transfer agent. In the event HTK and/or the IAR receives such information, we send, or will cause to be sent, all such proxy and legal proceedings information and documents they receive to the client, to allow the client to take whatever action it deems advisable under the circumstances.

Regarding third-party advisory programs, Clients should refer to the respective TPAM's Form ADV Part 2A for complete information concerning the proxy voting policies of the TPAM. In addition, Clients can also obtain a copy of the TPAM's proxy voting policies and procedures upon their request.

XV. Financial Information

HTK does not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance. Therefore, HTK has not included a balance sheet of its most recent fiscal year. HTK is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has HTK been the subject of a bankruptcy petition at any time during the past ten years.

XVI. Customer Privacy Notice

In order to provide you with financial and investment advice, services and products, Hornor Townsend & Kent ("HTK") must obtain nonpublic personal information about you. HTK recognizes the importance of safeguarding this information in order to protect your privacy.

What information HTK collects

HTK collects nonpublic personal information through a variety of means, including telephone conversations, personal meetings, applications and forms. This nonpublic personal information includes your name, address, social security number, assets, income, investment objectives and investment experience. Additionally, HTK collects information about your transactions with HTK and its affiliates, including your account balance, transactional history, and previous investments. You have the right to access and request correction of recorded information. You may write or call us at (800) 225-7637 to make such a request.

HTK's Disclosure Policy

HTK does not disclose information about current or former customers to anyone, except as permitted by law. For instance, HTK may share customer information with its affiliates (for example, the Penn Mutual Life Insurance Company) to the extent necessary to comply with client requests for products and services. HTK may also share customer information with third party service providers to assist it in providing requested services.

For example, HTK shares customer information with its clearing firm, so that clients can receive statements, trading confirmations, monthly and or quarterly account statements, reorganization notices, and proxy information.

For clients with investment advisory accounts, HTK shares information with investment companies and fund managers in order to enable them to make asset allocation and fund investment decisions. HTK ensures that any third parties that have access to customer information are contractually bound to keep this information confidential. Information HTK obtains from a report prepared by an insurance-support organization may be retained and disclosed by that organization.

HTK is also permitted to disclose customer information in order to: comply with a subpoena or a request for information from the Securities Exchange Commission, FINRA Regulation, or other federal or state securities or insurance regulatory body; to comply with federal, state or local laws; to guard against fraud; and to comply with service of process (subpoena, court order, etc.).

HTK's Security Policy

HTK maintains physical, electronic, and procedural safeguards that comply with federal standards to safeguard your personal information. All of HTK's employees are trained to respect our customers' privacy rights and are subject to disciplinary measures for failure to comply with HTK's Privacy Policy. HTK does not intend to alter its privacy policy in the future. However, if HTK did change its policy regarding the sharing of information, HTK would notify clients in advance and provide clients with an opportunity to prevent any disclosures.