

# HOBART

## FINANCIAL GROUP

7733 Ballantyne Commons Parkway | Suite 101 | Charlotte, NC 28277 | (888) 553-0122

### Form CRS – Client Relationship Summary

Hobart Private Capital, LLC is registered with the Securities and Exchange Commission as an investment adviser. We provide investment advisory accounts and services. Brokerage and investment advisory services and fees differ and it is important for you to understand the differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

#### WHAT INVESTMENT SERVICES AND ADVICE CAN YOU PROVIDE ME?

**ASSET MANAGEMENT SERVICES:** We provide asset management services primarily on a discretionary basis. We will create a portfolio for you using individual stocks, bonds, exchange traded funds, options, mutual funds and other securities or investments. Your investment strategy will be tailored to your needs and may include some or all of the above-mentioned securities. Portfolios are then continuously and regularly monitored and rebalanced based on your needs. You have the option of providing our firm with discretionary authority. If we have investment discretion, we are authorized to execute securities transactions on your behalf without consulting with you first. You may impose reasonable limitations on this authority in writing with our acknowledgement. If your account is managed on a non-discretionary basis, you will make the ultimate decision regarding the purchase or sale of investments.

Our asset management services are provided on a wrap fee basis. We may recommend various third-party investment advisers (“Third-Party Managers”) to aid in the implementation of your portfolio. If we recommend a Third-Party Manager to you, you will receive a Form ADV 2A and Form CRS from that Third-Party Manager. We generally require that new clients have a minimum liquid net worth of \$250,000 for asset management, although Third-Party Managers may have different account minimums.

**FINANCIAL PLANNING & CONSULTING SERVICES:** We provide financial planning and consulting services to clients for a planning fee under a separate financial planning and consulting engagement. Financial planning services will typically involve preparing a financial plan after consultation with you based on your financial goals and objectives. *For more detailed information about our services, please see Items 4 and 7 of our [Form ADV 2A Brochure](#) and Items 4 and 5 of our [Form ADV 2A, Appendix 1 Wrap Fee Brochure](#).*

#### Conversation Starters:

Below are some questions you can ask our financial professionals to start a conversation about relationships and services:

- 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?

**ASSET MANAGEMENT SERVICES:** We manage client assets exclusively under a wrap fee program and receive a wrap fee for our services. Wrap fees include our management and most transaction costs and fees to a broker-dealer or bank that has custody of these assets, and therefore are higher than a typical asset-based advisory fee. To avoid confusion, we will refer to the wrap fee charged by our firm as the Advisory Fee. Advisory Fees are negotiable and will be deducted from your account(s). The actual Advisory Fee you pay will be described in the Investment Advisory Agreement signed by you and our firm but will not exceed 2.50%. Advisory Fees are billed quarterly in advance or monthly in arrears, depending on the Third-Party Manager. The amount charged by the Third-Party Manager is included in our Advisory Fee.

Our Advisory Fee generally includes transaction costs for trades, although you will still pay charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund’s prospectus (i.e., fund management fees, initial or deferred sales charges, mutual fund sales loads, 12b-1 fees, surrender charges, annuity fees, IRA and qualified retirement plan fees, and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees, ADR fees, overnight check fees, close-out fees, activity assessment fees and taxes. Third-Party Managers may engage in trading away transactions, in which case you will generally incur additional costs. Furthermore, you are responsible for all transaction fees and charges incurred when placing unsolicited orders directly on the custodian’s website. Our firm does not receive any portion of these fees.

Our fees create conflicts of interest. For example, generally the amount payable to us varies depending upon the amount of trading in your account. The more transactions in the account, the greater the amount of transaction fees, and therefore the less compensation to us. This presents a conflict of interest, as we have a financial incentive to avoid trading your account. *For a more thorough discussion of conflicts of interest relating to our fees and how we address them, please see Item 5 of our [Form ADV 2A Brochure](#) and Item 4 of our [Form ADV 2A, Appendix 1 Wrap Fee Brochure](#).*

**FINANCIAL PLANNING & CONSULTING SERVICES:** We are compensated on an hourly or flat fee basis for financial planning and/or consulting services. The maximum hourly fee will not exceed \$500 per hour. Flat fees range from \$2,500 to \$10,000. Fees are

negotiable and based on the scope and complexity of our engagement with you. We generally require a retainer of fifty percent (50%) of the ultimate financial planning or consulting fee at the time of signing. The remainder of the fee will generally be directly billed to you and due within thirty (30) days of a financial plan being delivered or consultation rendered. For asset management clients who invest at least \$250,000 with us, these fees are included in the Advisory Fee. If you engage us for financial planning before engaging us for asset management, you will still be obligated to pay the fees you agreed to pay in our financial planning agreement, even if you invest \$250,000 or more with us.

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 detailed information about our fees and costs, please see Item 5 of our [Form ADV 2A Brochure](#) and Item 4 of our [Form ADV 2A, Appendix 1 Wrap Fee Brochure](#).*

#### **Conversation Starter:**

- 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?**

**When we act as your investment adviser**, we have to 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. For example, our investment adviser representatives (“IARs”) are also individually licensed insurance agents. Some of our IARs are also registered representatives of a broker-dealer. Whenever any such IARs recommend insurance products or securities products, the IAR is recommending a product on which he or she will receive a commission. This presents a conflict of interest in that our IARs have a financial incentive to recommend these products. *For a full discussion of our conflicts of interest and how they are addressed, please see Items 4, 5, 10, 11, 12 and 14 of our [Form ADV 2A Brochure](#) and Items 4 and 9 of our [Form ADV 2A, Appendix 1 Wrap Fee Brochure](#).*

#### **Conversation Starter:**

- How might your conflicts of interest affect me, and how will you address them?

#### **HOW DO YOUR FINANCIAL PROFESSIONALS MAKE MONEY?**

Our IARs are compensated in different ways. Most of our IARs receive a base salary. Some of our IARs who are also securities licensed are not salaried and are instead compensated based on the value of assets held in advisory accounts they service. Most of our IARs who are also insurance licensed are salaried and typically receive one-time compensation equal to a percentage of the opening value of advisory accounts they service. These practices present conflicts of interest as our IARs have an incentive to bring in new assets, and our IARs who are insurance licensed have an added incentive to recommend commissionable insurance products. Most of our IARs who are insurance licensed have additional financial incentives in the form of bonuses that will be paid by our firm if they reach certain annual and quarterly goals for insurance issued and assets under management for advisory accounts. Because there are separate goals for insurance products and assets under management, as well as for different types of insurance products, these IARs are incentivized to make the recommendation that is most likely to result in him or her reaching more goals. This presents a conflict of interest. We address these conflicts of interest by, among other things, reviewing recommendations to ensure they are in the best interest of the client. *For a more thorough discussion of conflicts of interest relating to how we compensate our IARs and how we address them, please see the ALL CAPS disclosure in Item 4 of our [Form ADV 2A Brochure](#) and Item 4 of our [Form ADV 2A, Appendix 1 Wrap Fee Brochure](#).*

#### **DO YOU OR YOUR FINANCIAL PROFESSIONALS HAVE LEGAL OR DISCIPLINARY HISTORY?**

Yes. Visit [Investor.gov/CRS](http://Investor.gov/CRS) for a free and simple search tool to research our firm and our financial professionals.

#### **Conversation Starter:**

- As a financial professional, do you have any disciplinary history? For what type of conduct?

**For more information about our investment advisory services or to request the most current version of this relationship summary, please go to [HobartWealth.com](http://HobartWealth.com) or call our Charlotte office at (704) 553-0123.**

#### **Conversation Starter:**

- 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?

HOBARTWEALTH.COM



## Hobart Private Capital, LLC Summary of Changes

Please note the following changes since the previous version of our Form CRS, dated July 21, 2020:

- We revised the description of other fees and costs our clients may incur for our asset management services to provide that Third-Party Managers may engage in trading away transactions, in which case clients will generally incur additional costs.
- We revised the description of how our professionals are compensated to clarify which of our IARs are salaried and which receive ongoing compensation based on the value of assets held in advisory accounts they service.
- We relocated the Conversation Starters. Each question is now featured within the relevant section.

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*Investment advisory services offered through Hobart Private Capital, LLC, a SEC Registered Investment Advisor. Insurance services offered separately through Hobart Insurance Services, LLC, an affiliated insurance agency. Securities offered through Cape Securities, Inc., Member FINRA/SIPC. Hobart Private Capital and Hobart Insurance Services are not affiliated with Cape Securities. This document does not constitute an offer to sell, a solicitation to buy, or a recommendation for any security, nor does it constitute an offer to provide investment advisory or other services. Nothing in this document should be relied upon as investment advice.*