HUDSON & ASSOCIATES WEALTH MANAGEMENT LLC

FORM ADV PART 2A, APPENDIX 1

WRAP FEE PROGRAM BROCHURE

Item 1 – Cover Page

11029 South Memorial Drive
Tulsa, Oklahoma 74133
918-394-1966
https://www.hudsonwmgroup.com

This wrap fee program brochure provides information about the qualifications and business practices of Hudson & Associates Wealth Management LLC. If you have any questions regarding the contents of this brochure, please contact our Chief Compliance Officer, Joshua Jones by telephone at 513-744-3196 or by email at joshua.jones@dinsmorecomplianceservices.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.

Hudson & Associates Wealth Management is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training. Additional information about Hudson & Associates Wealth Management is available on the SEC's website at www.adviserinfo.sec.gov.

July 31, 2026

Item 2 – Material Changes

Form ADV Part 2A, Appendix 1 requires registered investment advisers to amend their wrap fee program brochure when information becomes materially inaccurate. If there are any material changes to an adviser's wrap fee program disclosure brochure since the last annual update of the wrap fee program disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Hudson & Associates Wealth Management is a newly registered investment adviser and this wrap fee program brochure was initially filed as part of that registration. Accordingly, there are no material changes to report.

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Item 4 – Services, Fees and Compensation

Hudson & Associates Wealth Management LLC ("Hudson & Associates" or the "Firm") is a corporation organized in the State of Oklahoma. Hudson & Associates is an investment advisory firm registered with the United States Securities and Exchange Commission ("SEC"). Hudson & Associates is owned by John Hudson.

The Hudson & Associates wrap fee program (the "Hudson & Associates Wrap Fee Program") is an investment management program sponsored by Hudson & Associates. Investment management services are provided to clients of Hudson & Associates through the Hudson & Associates Wrap Fee Program.

In addition to the Hudson & Associates Wrap Fee Program, the Firm offers investment management services to certain types of qualified plan clients under different arrangements then those described in this Brochure. Information about those services are contained in the Firm's Form ADV Part 2A.

A. Description of the Hudson & Associates Wrap Fee Program

Hudson & Associates offers investment management services on a discretionary basis and non-discretionary basis. All investment advice provided is customized to each client's investment objectives and financial needs. The information provided by the client, together with any other information relating to the client's overall financial circumstances, will be used by Hudson & Associates to determine the appropriate portfolio asset allocation and investment strategy for the client. Hudson & Associates provides investment management services to clients through a wrap fee program (the "Hudson & Associates Wrap Fee Program").

The securities utilized by Hudson & Associates in the Hudson & Associates Wrap Fee Program client accounts consist of registered mutual funds, exchange traded funds (ETFs), equity securities, corporate bonds and private funds/alternative investments, if we determine such investments fit within a client's objectives and are in the best interest of our clients.

From time to time, Hudson & Associates may recommend that clients invest in a fee-based annuity. These products are "no load" – meaning Hudson & Associates does not receive commissions when clients purchase them. Instead, Hudson & Associates agrees with clients to a management fee to manage/oversee these contracts. This fee is documented in the account opening paperwork. The fee is paid directly out of the assets in the contract. Hudson & Associates may agree to a different fee for managing this product instead of the fee charged for managing clients' other assets. The fees charged by the insurance company are described in the prospectus and contract. The assets are held by the insurance company, and not Charles Schwab. Hudson & Associates' management of these products is limited in some respects. Hudson & Associates is only able to select investments that are available through the contract and may only be able to select percentage allocations to products as opposed to entering specific orders. As part of the application, Hudson & Associates may choose to have systematic rebalancing done by the insurance carrier. The underlying investment and index allocations are monitored on an ongoing basis. The client should review the prospectus carefully before investing.

Hudson & Associates may further recommend to clients that all or a portion of their Hudson & Associates Wrap Fee Program investment portfolio be managed on a discretionary basis by one or more unaffiliated money managers or investment platforms ("External Managers"). The client may be required to enter into a separate agreement with the External Manager(s), which will set forth the terms and conditions of the client's engagement of the External Manager. Hudson & Associates generally renders services to the client relative to the discretionary selection of External Managers. Hudson & Associates also assists in establishing the client's investment objectives for the assets managed by External Managers, monitors and reviews the account performance and defines any restrictions on the account. The investment management fees charged by the designated External Managers are exclusive of, and in addition to, the annual investment management services fee charged by Hudson & Associates. For External Managers made available through the B/D Custodian Schwab, custody and securities transactions commissions are included within the Hudson & Associates Wrap Fee Program fee. If an External Manager is utilized that engages in brokerage transactions and/or custody services with a broker-dealer/custodian other than Schwab, the fees charged by that broker-dealer/custodian will be exclusive of, and in addition to, the annual Hudson & Associates Wrap Program fee.

Hudson & Associates works with a third-party service provider Envestnet, Inc. ("Envestnet") to help support the operational needs of managing and servicing Hudson & Associates Wrap Fee Program investment management services accounts. Envestnet performs various operational functions. In addition, through the Envestnet platform Hudson & Associates gains access to various Third Party Managers, as well as portfolio allocation and rebalance functionality. Additional services are also available through Envestnet at a client's request. These services include, but are not limited to, tax overlay and impact overlay. See below regarding the fees and expenses relating to Hudson & Associates' utilization of Envestnet.

Hudson & Associates cannot provide any guarantees or promises that a client's financial goals and objectives will be met.

Charles Schwab & Co., Inc. ("Schwab") is a "qualified custodian" as that term is described in Rule 206(4)-2 of the Investment Advisers Act of 1940. Hudson & Associates will recommend that Hudson & Associates Wrap Fee Program clients establish brokerage accounts with Schwab to maintain custody of clients' assets and to effect trades for their accounts.

Note Regarding Tax or Legal Advice: In providing services, Hudson & Associates does not offer or otherwise provide tax or legal advice. Hudson & Associates will, at a client's direction and approval, work with a client's existing tax or legal professionals to assist in the provision of the services. Fees charged by any tax, legal or other third-party professionals are the responsibility of the client. Hudson & Associates may refer professionals; however, there is no compensation to Hudson & Associates for these referrals, and clients are under no obligation to use the referred service providers.

B. The Hudson & Associates Wrap Fee Program Fee

The Hudson & Associates Wrap Fee Program fee covers Hudson & Associates' advisory services, custody and commissions for securities transactions effected through Schwab. The number of transactions made in clients' accounts, the size of the accounts, and the securities used to construct a portfolio, as well as the commissions charged for each transaction, determines the relative cost of the Hudson & Associates Wrap Fee Program versus paying for execution on a per transaction basis and paying a separate fee for advisory services. Participants in the Hudson & Associates Wrap Fee Program may pay a higher or lower aggregate fee than if the investment management and brokerage services are purchased separately. Hudson & Associates does not charge its clients higher advisory fees based on their trading activity, but clients should be aware that Hudson & Associates may have an incentive to limit its trading activities in Hudson & Associates Wrap Fee Program client accounts because Hudson & Associates is charged for executed trades. Hudson & Associates addresses this conflict of interest through this disclosure and through its policies and procedures which work to ensure that Hudson & Associates Wrap Fee Program accounts are managed in accordance with clients' goals and objectives without consideration of trading costs incurred by Hudson & Associates.

Cash and Margin Positions

At any specific point in time, depending upon perceived or anticipated market conditions or events (there being no guarantee that such anticipated market conditions/events will occur), Hudson & Associates may maintain cash positions for defensive or other purposes. All cash positions (money markets, etc.) will be included as part of assets under management for purposes of calculating the Hudson & Associates Wrap Fee Program Fee. In addition, Hudson & Associates does not reduce management fees for margin borrowing, regardless of whether the assets are in cash or other securities. Hudson & Associates has a financial incentive to recommend that clients borrow money for the purchase of additional securities for the client's account managed by Hudson & Associates or otherwise not liquidate some or all the assets Hudson & Associates manages. Hudson & Associates addresses this conflict of interest by this disclosure and working and working to ensure that any recommendation to a client regarding the use of margin is suitable for the client.

Additional Fees and Expenses

In addition to the Hudson & Associates Wrap Fee Program Fee, clients will be responsible for transfer taxes, odd lot differentials, exchange fees, interest charges, ADR processing fees and any charges, taxes or other fees mandated by any federal, state or other applicable law, retirement plan account fees (where applicable), electronic fund and wire fees. Furthermore, Hudson & Associates fees do not cover transaction fees or "trade away" fees imposed for trades placed away from Schwab. In addition, for External Managers, clients should review each manager's Form ADV 2A disclosure brochure and any contract they sign with the External Manager (in a dual contract relationship). The client is responsible for all such fees and expenses, as well as trading and custody costs of a broker-dealer/custodian other than Schwab if utilized by that External Manager.

Fee Schedule / Fees

In providing investment management services pursuant to the Hudson & Associates Wrap Fee Program, Hudson & Associates charges an annual investment management services fee that is agreed upon with each client and set forth in an agreement executed by Hudson & Associates and the client. The Hudson & Associates Wrap Fee Program investment management services fee for the initial month shall be paid, on a pro rata basis, in arrears, based on the value of the net billable assets under management at the end of such initial month. For subsequent months, the Hudson & Associates Wrap Fee Program investment management services fee shall be paid, in advance, based on the asset value of the client's accounts as of the last business day of the preceding month.

The asset value of a client's Hudson & Associates Wrap Fee Program account is determined as provided by third-party sources, such as pricing services, custodians, fund administrators, and client-provided sources. For purposes of fee calculation, the asset value of client accounts include cash and cash equivalents, as well as margined securities. Hudson & Associates may, in their sole discretion, exclude certain cash holdings maintained for anticipated purchases, withdrawals, other account activity. Hudson & Associates does not reduce investment management services fees for margin borrowing, regardless of whether the assets are in cash or other securities. Hudson & Associates has a financial incentive to recommend that clients borrow money for the purchase of additional securities for the client's account managed by Hudson & Associates or otherwise not liquidate some or all the assets Hudson & Associates manages. Hudson & Associates addresses this conflict of interest by this disclosure and working to ensure that any recommendation to a client regarding the use of margin is suitable for the client.

The annual Hudson & Associates Wrap Fee Program investment management services fee ranges up to 1.50%.

For Hudson & Associates Wrap Fee Program client accounts for which we utilize the Envestnet platform, Envestnet charges the following fees –

Envestnet Traded Managed Account:

Account Assets	Envestnet Platform Fee
First $1,000,000	0.10% per client account, per year
Next $1,000,000	0.09% per client account, per year
Next $3,000,000	0.08% per client account, per year
Over $5,000,000	0.07% per client account, per year

Hudson & Associates as Portfolio Manager:

0.03% on all assets subject to a minimum annual fee of $30 per client account.

Reporting Solution:

$10 per account, per year

The Envestnet platform and services fees are in addition to Hudson & Associates' Wrap Fee Program investment management services fee. In addition, any applicable custodial fees, transaction expenses and External Manager fees are not included within any of the Envestnet fees.

Notwithstanding the foregoing, Hudson & Associates and the client may choose to negotiate an annual investment management services fee that varies from the ranges set forth above. Factors upon which a different annual investment management services fee may be based include, but are not limited to, the size and nature of the relationship, the services rendered, the nature and complexity of the products and investments involved, time commitments, and travel requirements. The investment management services fee charged by the Firm will apply to all of the client's assets under management, unless specifically excluded in the client agreement. Although Hudson & Associates believes that its fees are competitive, clients should understand that lower fees for comparable services may be available from other sources and firms.

The investment advisory agreement between Hudson & Associates and the client may be terminated at will by either Hudson & Associates or the client upon written notice. Hudson & Associates does not impose termination fees when the client terminates the investment advisory relationship, except when agreed upon in advance.

C. Compensation for Recommending the Hudson & Associates Wrap Fee Program

Hudson & Associates does not have any arrangements where it receives an economic benefit from a third party for recommending the Hudson & Associates Wrap Fee Program.

Item 5 – Account Requirements and Types of Clients

Investment management services through the Hudson & Associates Wrap Fee Program are provided to individuals, high net worth individuals, trusts, estates, other types of business entities and qualified retirement plans. Hudson & Associates does not impose a minimum portfolio size or a minimum initial investment to open an account. However, Hudson & Associates reserves the right to accept or decline a potential client for any reason in its sole discretion. See Item 4 above for information regarding the annual per account fee minimum charged by Envestnet for use of the Envestnet platform.

Item 6 – Portfolio Manager Selection and Evaluation

The Hudson & Associates Wrap Fee Program utilize advisers, the External Managers, in addition to Hudson & Associates. Envestnet provides access to External Managers that have been subject to initial and ongoing due diligence and reviews by Envestnet. In making External Managers available Envestnet evaluates External Managers' investment philosophy and policies, records as an investment adviser, and the investment disciplines or strategies the External Manager is able to offer. In addition, in determining whether to continue to make an External Manager available Envestnet conducts ongoing reviews of performance calculations, peer comparisons, and examination of portfolio characteristics and holdings. This Envestnet External Manager information is made available to, and reviewed by, Hudson & Associates.

Performance information provided by External Managers is compared by Envestnet to publicly available resources for reasonableness. External Manager provided performance information is not independently verified by Envestnet or Hudson & Associates.

A. Advisory Services Offered by Hudson & Associates

See Item 4 of this Wrap Fee Hudson & Associates Wrap Fee Program Brochure for a full description of the Hudson & Associates Wrap Fee Program. In addition to the Hudson & Associates Wrap Fee Program, Hudson & Associates provides investment management on a non-wrap fee basis to certain types of retirement plan clients.

<u>Investment Management Services to Retirement Plans</u>

Hudson & Associates offers discretionary and non-discretionary advisory services to qualified plans, including 401k plans. These services include, depending upon the needs of the plan client, recommending, or for discretionary clients selecting, investment options for plans to offer to participants, ongoing monitoring of a plan's investment options, assisting plan fiduciaries in creating and/or updating the plan's written investment policy statements, working with plan service providers, and providing general investment education to plan participants.

B. Client Tailored Advisory Services

Clients may impose reasonable restrictions on the management of their accounts if Hudson & Associates determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for Hudson & Associates' management efforts.

C. The Hudson & Associates Wrap Fee Program

As described above, Hudson & Associates is one of the portfolio managers of the Hudson & Associates Wrap Fee Program. See Item 4 above for a description of the Hudson & Associates Wrap Fee Program and the other advisory services offered by Hudson & Associates. Clients may impose reasonable restrictions on the management of their accounts if Hudson & Associates determines, in its sole discretion, that the conditions would not materially impact the performance of a management strategy or prove overly burdensome for Hudson & Associates' management efforts. As a portfolio manager, Hudson & Associates receives the Hudson & Associates Wrap Fee Program Fee after the payment of the brokerage, execution and custodian fees and expenses.

D. Performance-Based Fees and Side-By-Side Management

Hudson & Associates does not charge performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Hudson & Associates' fees are calculated as described in Item 4 above.

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

Methods of Analysis and Investment Strategies

Hudson & Associates primarily employs fundamental analysis methods in developing investment strategies for its clients. Research and analysis from Hudson & Associates is based on numerous sources, including third-party research materials and publicly available materials, such as company annual reports, prospectuses, and press releases.

Hudson & Associates generally employs a long-term investment strategy for its clients, as consistent with their financial goals and is cognoscente that risk tolerances can evolve over time. As such, the Firm strives to adjust strategies as needed to meet their clients' long-term financial goals. At times, the Firm may also buy and sell positions that are more short-term in nature, depending on the goals of the client and/or the fundamentals of the security, sector or asset class.

Client portfolios with similar investment objectives and asset allocation goals may own different securities and investments. The client's portfolio size, tax sensitivity, desire for simplicity, income needs, long-term wealth transfer objectives, time horizon and choice of custodian are all factors that influence Hudson & Associates' investment recommendations.

Investing in securities involves a risk of loss. A client can lose all or a substantial portion of his/her investment. A client should be willing to bear such a loss. Some investments are intended only for sophisticated investors and can involve a high degree of risk.

Material Risks Involved

Investing in securities involves a significant risk of loss which clients should be prepared to bear. Hudson & Associates' investment recommendations are subject to various market, currency, economic, political and business risks, and such investment decisions will not always be profitable. Clients should be aware that there may be a loss or depreciation to the value of the client's account. There can be no assurance that the client's investment objectives will be obtained and no inference to the contrary should be made.

Generally, the market value of equity stocks will fluctuate with market conditions, and small-stock prices generally will fluctuate more than large-stock prices. The market value of fixed income securities will generally fluctuate inversely with interest rates and other market conditions prior to maturity. Fixed income securities are obligations of the issuer to make payments of principal and/or interest on future dates, and include, among other securities: bonds, notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, or by a non-U.S. government or one of its agencies or instrumentalities; municipal securities; and mortgage-backed and asset-backed securities. These securities may pay fixed, variable, or floating rates of interest, and may include zero coupon obligations and inflation-linked fixed income securities. The value of longer duration fixed income securities will generally fluctuate more than shorter duration fixed income securities. Investments in overseas markets also pose special risks, including currency fluctuation and political risks, and it may be more volatile than that of a U.S. only investment. Such risks are generally intensified for investments in emerging markets. In addition, there is no assurance that a mutual fund or ETF will achieve its investment objective. Past performance of investments is no guarantee of future results.

Additional risks involved in the securities recommended by Hudson & Associates include, among others:

- *Stock market risk*, which is the chance that stock prices overall will decline. The market value of equity securities will generally fluctuate with market conditions. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Prices of equity securities tend to fluctuate over the short term as a result of factors affecting the individual companies, industries or the securities market as a whole. Equity securities generally have greater price volatility than fixed income securities.
- *Sector risk*, which is the chance that significant problems will affect a particular sector, or that returns from that sector will trail returns from the overall stock market. Daily fluctuations in specific market sectors are often more extreme than fluctuations in the overall market.
- *Issuer risk*, which is the risk that the value of a security will decline for reasons directly related to the issuer, such as management performance, financial leverage, and reduced demand for the issuer's goods or services.
- *Non-diversification risk*, which is the risk of focusing investments in a small number of issuers, industries or foreign currencies, including being more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be.

- *Value investing risk*, which is the risk that value stocks not increase in price, not issue the anticipated stock dividends, or decline in price, either because the market fails to recognize the stock's intrinsic value, or because the expected value was misgauged. If the market does not recognize that the securities are undervalued, the prices of those securities might not appreciate as anticipated. They also may decline in price even though in theory they are already undervalued. Value stocks are typically less volatile than growth stocks but may lag behind growth stocks in an up market.
- *Smaller company risk*, which is the risk that the value of securities issued by a smaller company will go up or down, sometimes rapidly and unpredictably as compared to more widely held securities. Investments in smaller companies are subject to greater levels of credit, market and issuer risk.
- *Foreign (non-U.S.) investment risk*, which is the risk that investing in foreign securities result in the portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies. Risks associated with investing in foreign securities include fluctuations in the exchange rates of foreign currencies that may affect the U.S. dollar value of a security, the possibility of substantial price volatility as a result of political and economic instability in the foreign country, less public information about issuers of securities, different securities regulation, different accounting, auditing and financial reporting standards and less liquidity than in the U.S. markets.
- *Interest rate risk*, which is the chance that prices of fixed income securities decline because of rising interest rates. Similarly, the income from fixed income securities may decline because of falling interest rates.
- *Credit risk,* which is the chance that an issuer of a fixed income security will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that fixed income security to decline.
- *Exchange Traded Fund (ETF) risk*, which is the risk of an investment in an ETF, including the possible loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which may not correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF may not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- *Management risk*, which is the risk that the investment techniques and risk analyses applied by Hudson & Associates may not produce the desired results and that legislative, regulatory, or tax developments, affect the investment techniques available to Hudson & Associates. There is no guarantee that a client's investment objectives will be achieved.
- *Investment Companies ("Mutual Funds") risk*, when an investor invests in mutual funds, the investor will bear additional expenses based on his/her pro rata share of the mutual fund's operating expenses, including the management fees. The risk of owning a mutual fund generally reflects the risks of owning the underlying investments the mutual fund holds.
- *Cybersecurity risk,* which is the risk related to unauthorized access to the systems and networks of Hudson & Associates and its service providers. The computer systems,

networks and devices used by Hudson & Associates and service providers to us and our clients to carry out routine business operations employ a variety of protections designed to prevent damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches. Despite the various protections utilized, systems, networks or devices potentially can be breached. A client could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. Cybersecurity breaches cause disruptions and impact business operations, potentially resulting in financial losses to a client; impediments to trading; the inability by us and other service providers to transact business; violations of applicable privacy and other laws; regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or other compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issues of securities in which a client invests; governmental and other regulatory authorities; exchange and other financial market operators, banks, brokers, dealers and other financial institutions; and other parties. In addition, substantial costs may be incurred by those entities in order to prevent any cybersecurity breaches in the future.

Clients are advised that they should only commit assets for management that can be invested for the long term, that volatility from investing can occur, and that all investing is subject to risk. Hudson & Associates does not guarantee the future performance of a client's portfolio, as investing in securities involves the risk of loss that clients should be prepared to bear.

Past performance of a security or a fund is not necessarily indicative of future performance or risk of loss.

Use of External Managers
Hudson & Associates may select certain External Managers to manage a portion of its clients' assets. In these situations, the success of such recommendations relies to a great extent on the External Managers' ability to successfully implement their investment strategies. In addition, Hudson & Associates generally may not have the ability to supervise the External Managers on a day-to-day basis.

F. Voting Client Securities

Hudson & Associates does not accept the authority to and does not vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for all and any securities maintained in client Hudson & Associates Wrap Fee Program portfolios.

Item 7 – Client Information Provided to Portfolio Managers

Any utilized External Managers for a client are selected by Hudson & Associates. External Managers are not provided client information since Hudson & Associates has the responsibility to determine whether the utilization of an External Manager is suitable for a client. External Managers have access to client portfolio information in their execution of advisory services for a client.

Item 8 – Client Contact with Portfolio Managers

Clients may contact Hudson & Associates personnel during regular business hours to discuss the Hudson & Associates Wrap Fee Program and their Hudson & Associates Wrap Fee Program accounts. Therefore, no restrictions are placed on a client's ability to contact or consult with Hudson & Associates. Clients are not permitted access to contact or consult with any utilized External Managers.

Item 9 – Additional Information

A. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the adviser and the integrity of the adviser's management. Hudson & Associates has no information applicable to this Item.

B. Other Financial Industry Activities and Affiliations

<u>Insurance Agent Activities</u>

Advisory persons of Hudson & Associates are licensed as insurance professionals. Such persons earn commission-based compensation for selling insurance products to clients. Insurance commissions earned by advisory persons who are insurance professionals are separate from and in addition to Hudson & Associates' advisory fee. This practice presents a conflict of interest as an advisory person who is an insurance professional has an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on client needs. Hudson & Associates addresses this conflict through disclosure and strives to make recommendations which are in the best interests of its clients. Clients are under no obligation to purchase insurance products through any person affiliated with Hudson & Associates. Hudson & Associates clients should understand that lower fees and/or commissions for comparable services may be available from other insurance providers.

<u>Registered Representative Activities</u>

Certain representatives of Hudson & Associates are also registered representatives with The Leaders Group, Inc. ("Leaders Group"). Leaders Group is a registered broker-dealer and member of FINRA. In this capacity, such representatives of Hudson & Associates offer securities or alternative investments and receive normal and customary fees or commissions as a result of these transactions. In addition, these individuals receive additional ongoing 12b-1 fees for mutual fund purchases from the mutual fund company during the period that the client maintains the mutual fund investment. As a result of this relationship, Leaders Group has access to certain confidential information (e.g., financial information, investment objectives, transactions and holdings) about clients, even if a client does not establish an account through Leaders Group. If you would like a copy of Leaders Group's privacy policy, please contact Hudson & Associates as described on the cover page of this brochure.

Clients should be aware that the receipt of additional compensation itself creates an inherent conflict of interest and may affect the judgment of these individuals when making recommendations. Hudson & Associates and Leaders Group are separate, nonaffiliated entities. Nevertheless, to the extent that a Hudson & Associates representative recommends the purchase of securities or other investment products where the representative receives commissions for doing so, a conflict of interest exists because the representative is incentivized to make recommendations based on the compensation received rather than on a client's needs. Hudson & Associates has adopted certain procedures designed to mitigate the effects of this conflict. As part of Hudson & Associates' fiduciary duty to clients, Hudson & Associates and its representatives endeavor at all times to put the interests of clients first, and recommendations will only be made to the extent that they are reasonably believed to be in the best interests of clients. Additionally, the conflicts presented by this relationship are disclosed to clients through this brochure, client agreement and/or verbally prior to or at the time of entering into an Agreement. Clients are not obligated to implement recommended transactions through any Hudson & Associates representative or any particular broker-dealer. Clients have the option to purchase any recommended investment through broker-dealers other than Leaders Group.

Hudson & Associates clients should understand that lower fees and/or commissions for comparable services may be available from other broker-dealers.

Recommendation of External Managers

Hudson & Associates may recommend that clients use External Managers based on clients' needs and suitability. Hudson & Associates does not receive separate compensation, directly or indirectly, from such External Managers for recommending that clients use their services. Hudson & Associates does not have any other business relationships with the recommended External Managers.

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

Hudson & Associates has a Code of Ethics (the "Code") which requires Hudson & Associates' employees ("supervised persons") to comply with their legal obligations and fulfill the fiduciary duties owed to the Firm's clients. Among other things, the Code of Ethics sets forth policies and procedures related to insider trading laws and policies and procedures governing personal securities trading by supervised persons.

Personal securities transactions of supervised persons present potential conflicts of interest with the price obtained in client securities transactions or the investment opportunity available to clients. The Code addresses these potential conflicts by prohibiting securities trades that would breach a fiduciary duty to a client and requiring, with certain exceptions, supervised persons to report their personal securities holdings and transactions to Hudson & Associates for review by the Firm's Chief Compliance Officer. The Code also requires supervised persons to obtain pre-approval of certain investments, including initial public offerings and limited offerings.

Hudson & Associates will provide a copy of the Code of Ethics to any client or prospective client upon request.

D. Review of Accounts

While Hudson & Associates Wrap Fee Program accounts are monitored on an ongoing basis, Hudson & Associates' investment adviser representatives seek to have at least one annual meeting with each client to conduct a formal review of the clients' accounts. Accounts are reviewed for consistency with the investment strategy and other parameters set forth for the account and to determine if any adjustments need to be made.

Other Reviews and Triggering Factors

In addition to the periodic reviews described above, reviews may be triggered by changes in an account holder's personal, tax or financial status. Other events that may trigger a review of an account are material changes in market conditions as well as macroeconomic and company- specific events. Clients are encouraged to notify Hudson & Associates of any changes in his/her personal financial situation that might affect his/her investment needs, objectives, or time horizon.

Regular Reports

Written brokerage statements are generated no less than quarterly and are sent directly from the qualified custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived.

Hudson & Associates may also determine to provide account statements and other reporting to clients on a periodic basis. Clients are urged to carefully review all custodial account statements and compare them to any statements and reports provided by Hudson & Associates. Hudson & Associates statements and reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

E. Client Referrals and Other Compensation

Client Referrals

Hudson & Associates does not receive benefits from third parties for providing investment advice to clients. In addition, Hudson & Associates does not enter into agreements with individuals or organizations for the referral of clients.

Other Compensation

As described above, Hudson & Associates requires that Hudson & Associates Wrap Fee Program clients utilize Schwab as the custodian/broker-dealer for their Hudson & Associates Wrap Fee Program account(s). While there is no direct link between the investment advice Hudson & Associates provides and participation in the Schwab program, Hudson & Associates management receives certain economic benefits from the Schwab program. These benefits may include software and other technology that provides access to client account data (such as trade confirmations and account statements), facilitates trade execution (and allocation of aggregated orders for multiple client accounts), provides research, pricing information and other market data, facilitates the payment of Hudson & Associates' fees from its clients' accounts, and assists with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of Hudson & Associates' accounts, including accounts not held at Schwab. Schwab may also make available to Hudson & Associates other services intended to help Hudson & Associates manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services to be rendered to Hudson & Associates by independent third parties. Schwab may discount or waive fees it would otherwise charge for some of these services, pay all or a part of the fees of a third-party providing these services to Hudson & Associates, and/or Schwab may pay for travel expenses relating to participation in such training. Finally, participation in the Schwab program provides Hudson & Associates with access to mutual funds which normally require significantly higher minimum initial investments or are normally available only to institutional investors.

The benefits received through participation in the Schwab program do not necessarily depend upon the proportion of transactions directed to Schwab. The benefits are received by Hudson & Associates, in part because of commission revenue generated for Schwab by Hudson & Associates' clients. This means that the investment activity in client accounts is beneficial to Hudson &

Associates, because Schwab does not assess a fee to Hudson & Associates for these services. This creates an incentive for Hudson & Associates to continue to recommend Schwab to its clients. While it may be possible to obtain similar custodial, execution and other services elsewhere at a lower cost, Hudson & Associates believes that Schwab provides a competitive combination of these services. These services are not soft dollar arrangements but are part of the institutional platform offered by Schwab.

In addition, Hudson & Associates receives financial support from Schwab up to capped dollar amount to be used toward qualifying marketing, technology, consulting and/or research expenses incurred by Hudson & Associates in registering and launching the operations of Hudson & Associates. This financial support is available to Hudson & Associates during the first 12 months from the start of Hudson & Associates clients having assets custodied at Schwab, and the ultimate amount payable by Schwab is dependent upon the amount of Hudson & Associates client assets custodied at Schwab. Furthermore, Schwab has agreed to reimburse account termination fees charged to Hudson & Associates clients by the former custodian of the clients' accounts up to a capped dollar amount. This reimbursement is available during an initial 12-month period.

F. Financial Information

Hudson & Associates is not required to disclose any financial information pursuant to this item due to the following:

a) Hudson & Associates does not require or solicit the prepayment of more than $1,200 in fees six months or more in advance of rendering services;

b) Hudson & Associates is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over certain client accounts; and

c) Hudson & Associates has never been the subject of a bankruptcy petition.