

Form ADV Part 2A  
Firm Brochure  
(4/27/23)

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*This brochure provides information about the qualifications and business practices of HealthEquity Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at (801) 727-1036 or at [advisor@healthequity.com](mailto:advisor@healthequity.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 HealthEquity Advisors, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for HealthEquity Advisors, LLC is 167105. Registration with the SEC does not imply any level of skill or training.*

## *Item 2. Summary of Material Changes*

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This Brochure, also known as Form ADV, Part 2A, has the following material changes from the Brochure that we filed with the U.S. Securities and Exchange Commission in March of 2022: Item 4 – HEA will facilitate manual instructions to the platform in extraordinary circumstances. Item 5 – employer-based subscription fees have been clarified. Item 8 – risk factors have been updated, including risks related to the general market, technology, cybersecurity, and global event volatility. Item 12 – HEA’s trade error policy has been clarified. Item 17 – HEA’s proxy voting policy has been clarified. We have also updated the amount of discretionary and non-discretionary assets under management under Item 4 and incorporated other non-material changes.

Our current Form ADV, Part 2 is available to our existing and prospective clients through the Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide our clients either: (i) a copy of our Form ADV, Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2. We urge you to carefully review all summaries of material changes, as they will contain important information about any significant changes, including but not limited to advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

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#### *Item 4. Advisory Business*

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HealthEquity Advisors, LLC (“HEA” or “we” or “us” or “our”) is a fee-based SEC-registered investment adviser that is wholly owned by HealthEquity, Inc. (“HQY”), a firm that serves as nonbank custodian of Health Savings Accounts (“HSAs”). We provide investment advice in two ways: first we provide model asset allocation portfolios and portfolio management on both a discretionary and non-discretionary basis through an interactive website for natural person clients who are HSA beneficiaries who hold their HSAs with HQY; second, we provide investment consulting and research services on a non-discretionary basis to HQY and certain unaffiliated third parties (“HQY Partners”) to develop investment lineups comprising open-end mutual funds (each, an “Investment Lineup”).

HSA beneficiaries who hold their HSA with HQY may choose to retain HEA to provide either discretionary or non-discretionary recommendations about how to invest in the Investment Lineup made available to them. Typically, an HSA beneficiary will have only one Investment Lineup available to them, although in some circumstances (as more fully described below), an HSA beneficiary is able to select from among two or more available Investment Lineups.

Our principal place of business is located in Draper, Utah, and we have been in operation since April 2013.

As of January 31, 2023, HEA managed approximately \$623,407,781 in discretionary assets and approximately \$445,984,281 in non-discretionary assets.

#### Model Asset Allocation Portfolios and Portfolio Management for HSA Beneficiaries

HEA is retained by HSA beneficiaries to provide investment recommendations about how to invest in the Investment Lineup made available to them. Recommendations are provided through one of two investment advisory programs: the AutoPilot program and the GPS program, each as described below (collectively, the “Programs”). The Programs are delivered exclusively online through the HEA investment portal, which is available through the HQY website. All investment advisory services provided by HEA to its natural person clients are delivered via the investment portal without any involvement by or interaction with HEA personnel. In the event of extraordinary circumstances where a natural person client needs to access his or her account but cannot do so through the HEA investment portal, the client can contact HEA to facilitate manual instructions to the platform. This process is only available to clients in extraordinary circumstances, such as being hospitalized and being unable to access his or her account to liquidate investments to pay for medical expenses.

The specific mutual funds recommended to a client through the Programs depend on the Investment Lineup that is available to the client. A particular Investment Lineup is either developed by HEA (“HEA Investment Lineup”) or by an HQY Partner (“Third Party Investment Lineup”). HEA Investment Lineups include an Investment Lineup developed for HQY (the “Investor Choice Lineup”) as well as Investment Lineups developed for certain HQY Partners.

If a client is eligible to invest in an HEA Investment Lineup, as part of its advisory services, HEA will select and monitor the underlying mutual funds in the Investment Lineup to ensure that the mutual funds remain suitable for clients and will recommend model asset allocation portfolios of the funds comprising the HEA Investment Lineup. If a client is eligible to invest in a Third Party Investment Lineup, as part of its advisory

services, HEA recommends model asset allocation portfolios of the funds comprising the Third Party Investment Lineup by means of the AutoPilot and/or GPS service, but in those circumstances HEA will not, either initially or on an ongoing basis, select such funds for inclusion in the Third Party Investment Lineup or monitor the diversification of the assets held by such funds or the investment performance of such funds. The availability of HEA's services to a client investing in a Third Party Investment Lineup is subject to limitations and is determined on a case by case basis. The HQY Partner is solely responsible for selecting and monitoring the underlying funds in Third Party Investment Lineups.

#### *AutoPilot Program*

In the AutoPilot program, HEA makes discretionary recommendations of model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. The model portfolios consist of mutual funds that are made available to the client's account in the applicable Investment Lineup.

In the AutoPilot program, recommendations are implemented on a discretionary basis, which means that HEA will automatically purchase and sell the funds comprising the recommended model portfolios without seeking approval from clients.

Through the HEA investment portal, HEA collects client data using a web-based interactive questionnaire ("Questionnaire") completed by the client. The Questionnaire establishes a risk profile based on: (1) either (a) the client's age or (b) the client's self-identified risk-based preferences; and (2) the client's short-term economic outlook (the client's "Risk Profile"). Algorithmic software recommends a risk-weighted model portfolio based on the client's responses to the Questionnaire. Our algorithmic software is based on modern portfolio theory that emphasizes broad diversification of investment portfolios among the mutual funds available to the client in the applicable Investment Lineup.

Each client portfolio is managed based on the model portfolio's objectives that have been determined to be suitable for the client by the program's algorithms based on the client's Risk Profile, and investments are implemented to match the applicable model portfolio. The client's portfolio is managed and rebalanced automatically through the algorithmic software. Clients retain individual beneficial ownership of all securities.

To ensure that the client's portfolio continues to be suitable based on the client's Risk Profile and that the client's account continues to be managed in a manner that is consistent with the applicable model portfolio, we maintain client suitability information in each client's file. Clients that elect to receive a weekly performance summary through our interactive website are reminded in each performance summary to keep their responses to the Questionnaire up to date. We also contact clients through our interactive website on a quarterly and annual basis to request updated information regarding each client's Risk Profile.

#### *GPS Program*

In the GPS program, HEA makes non-discretionary recommendations of model asset allocation portfolios based on a client's responses to the Questionnaire. The Questionnaire establishes a risk profile based on: (1) either (a) the client's age or (b) the client's self-identified risk-based preferences; and (2) the client's short-term economic outlook. The algorithmic software recommends a risk-weighted model portfolio based on the client's responses to the Questionnaire. Our algorithmic software is based on modern portfolio theory that emphasizes broad diversification of investment portfolios among the mutual funds available to the client in

the applicable Investment Lineup. The model portfolios consist of mutual funds that are made available to the client’s account in the applicable Investment Lineup.

In the GPS program, investment portfolio recommendations are generated, but not implemented, by our algorithmic software. Clients can elect to implement some or all (or none) of the recommendations on their own through the investment portal.

Investment Consulting and Research Services

HEA provides investment consulting and research services on a non-discretionary basis to HQY and to certain HQY Partners by selecting and monitoring HEA Investment Lineups made available to HSA beneficiaries via the HEA investment portal.

In selecting and monitoring HEA Investment Lineups, HEA does not consider the individual investment objectives or financial circumstances or determine whether any investment product is suitable or in the best interest of any particular HSA beneficiary, and no investment advisory relationship is established between an HSA beneficiary and HEA (unless the HSA beneficiary is eligible, and elects, to participate in the HEA AutoPilot or GPS program and thereby becomes an HEA client). HEA’s relationship with certain HQY Partners creates certain conflicts of interest, which are summarized below and described in the custodial agreements entered into between the applicable HSA beneficiaries and HQY.

The following are the HQY Partners that have engaged HEA, and potential conflicts of interest that impact HSA beneficiaries:

HQY Partner	Potential Conflicts of Interest
Teachers Insurance and Annuity Association of America (“TIAA”)	HEA is compensated by TIAA to select and monitor an Investment Lineup (the “TIAA RPP Investment Lineup”) for a co-branded HSA administered by HQY. HEA has agreed with TIAA to use reasonable efforts to consider selecting investment products for the TIAA RPP Investment Lineup that are advised and/or sponsored by Nuveen Fund Advisors, LLC (“Nuveen”) or one of its affiliates (“Nuveen Funds”). Nuveen is an affiliate of TIAA. This arrangement creates a potential conflict of interest for HEA because HEA is incentivized to select Nuveen Funds for inclusion over funds from other fund families. Investments in Nuveen Funds will generate compensation for Nuveen and, as a result, generate indirect compensation for TIAA. To mitigate this conflict of interest, HSA beneficiaries referred to HQY by TIAA have the opportunity to choose between the TIAA RPP Investment Lineup or the Investor Choice Lineup.

Generally speaking, HSA beneficiaries referred to HQY by HQY Partners where the applicable Investment Lineup is a Third Party Investment Lineup have the opportunity to choose between the applicable Third Party Investment Lineup or the Investor Choice Lineup.

HSA beneficiaries are not obligated to use the advisory services of HEA when opening an HSA with HQY, and, for the avoidance of doubt, no investment advisory relationship is established between an individual HSA beneficiary unless and until the beneficiary enters into an investment management agreement with HEA.

## Services in General

Investment Lineups, including HEA Investment Lineups and Third Party Investment Lineups, consist only of open-end mutual funds, and thus our investment recommendations are limited to advice regarding open-end mutual funds.

### *AutoPilot and GPS*

While our model portfolios vary depending upon the applicable Investment Lineup, they are not individualized for each client. Nevertheless, we seek to ensure that our investment recommendations are suitable for clients, and the model portfolios that we recommend for a client are based on information the client provides in response to the Questionnaire and the Risk Profile generated as a result. The algorithms used in the AutoPilot program and the GPS program are the same algorithms. As discussed below under “Item 13. Review of Accounts,” through algorithms and methodologies that are monitored and overseen by our Investment Committee, our technological platform monitors the underlying securities in our model portfolios and performs reviews of account holdings for clients monthly. These monthly automated reviews are conducted with a view towards improving the effectiveness of the algorithms as appropriate. However, there is no manual review by any HEA personnel of account Questionnaires or individual account performance, and accordingly there are no circumstances in which HEA will override the algorithms to manage a client’s account. Rather, when delivering its advice pursuant to the AutoPilot and GPS programs, HEA relies exclusively on the information provided by each client, which is submitted to HEA via the Questionnaire and maintained in the web-based investment portal. No other information is collected (or will be accepted) in respect of a client’s account, personal profile, or Risk Profile. If a client fails to complete and/or keep current his or her Questionnaire in the manner intended by the client, the resulting investment portfolio may not align with the investment objectives applicable to an investment portfolio that would have been applied to the client’s account had the client completed and/or kept his or her Questionnaire in a manner consistent with the client’s intent.

The services provided by HEA are not intended to present a comprehensive financial plan to the client.

## *Item 5. Fees and Compensation*

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Our advisory fees for model portfolio management and portfolio consulting services are charged as described below.

### Fees in General

For non-employer-based subscriptions to our AutoPilot and GPS Programs, our fees are not negotiable. Fees for employer-based subscriptions to these programs, whether paid by the employer or the individual client, are negotiable by the employer based on factors such as the estimated or actual number of enrolled employees and anticipation of future business.

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered.

### AutoPilot Program

For non-employer-based subscriptions our annual fee for this program is 0.60% per year (i.e. 0.05% per month) of assets under our management calculated as the average daily balance for the prior month, subject

to a maximum of \$15.00 per month per client. The fee is directly debited from the client's HSA on a monthly basis, in arrears. For employer-based subscriptions we charge the client a percentage of assets under our management or we charge the employer a fee that varies based on either the estimated number of employees to be included on the platform, actual employees included on the platform in the recent past, or the total invested assets of the employer's HSA participants. The amount of the actual fees to be paid by the client are provided during the client enrollment process and are available on the client's profile page in the web portal. In cases where we charge the client for employer-based subscriptions, the fee is directly debited from the client's HSA on a monthly basis, in arrears. If there is insufficient cash in a client's HSA account to pay for the monthly AutoPilot program fee or to pay for any overdrawn amounts or deficits accrued in connection with the client's HSA account and/or investment account, HQY will liquidate investments in the client's investment account (and decide which investments to liquidate) to pay for such fees, overdrawn amounts, or deficits.

#### GPS Program

For non-employer-based subscriptions our annual fee for this program is 0.60% per year (i.e. 0.05% per month) of assets under our management calculated as the average daily balance for the prior month, subject to a maximum of \$15.00 per month per client. The fee is directly debited from the client's HSA on a monthly basis, in arrears. For employer-based subscriptions we charge the client a percentage of assets under our management or we charge the employer a fee that varies based on either the estimated number of employees to be included on the platform, actual employees included on the platform in the recent past, or the total invested assets of the employer's HSA participants. The amount of the actual fees to be paid by the client are provided during the client enrollment process and are available on the client's profile page in the web portal. In cases where we charge the client for employer-based subscriptions, the fee is directly debited from the client's account on a monthly basis, in arrears. If there is insufficient cash in a client's HSA account to pay for the monthly GPS program fee or to pay for any overdrawn amounts or deficits accrued in connection with the client's HSA cash account and/or investment account, HQY will liquidate investments in the client's investment account (and decide which investments to liquidate) to pay for such fees, overdrawn amounts, or deficits.

#### Investment Consulting and Research Services

HEA receives fees from HQY and from HQY Partners for selecting and monitoring HEA Investment Lineups made available to HSA beneficiaries. These are flat fees and are negotiated on a periodic basis.

#### Account Termination

Clients have the right to terminate their agreements by providing us with a written notice through our web-based portal. In addition, HQY has the right to terminate a client's investment account if the client engages in any abusive or manipulative trading practices (as determined by HQY in its sole discretion). In that case, HQY may liquidate the client's investments and terminate the client's investment account, with the proceeds of such liquidation to be placed in the client's HSA cash account.

#### Mutual Fund Fees and Expenses

All fees paid to us for investment advisory services are separate and distinct from the fees and expenses that



the mutual funds in which our clients invest charge their shareholders. Clients who invest in mutual funds through our platform will thus incur fees and expenses at the mutual fund level that are in addition to the fees and expenses charged by HQY and its affiliates. These mutual fund fees and expenses are described in each fund's prospectus. These fees generally include a management fee, other fund expenses, and, in some cases, possible distribution fees, also known as "12b-1" fees. Clients can invest in mutual funds without the advisory services of HEA, but in doing so would not receive our recommendations as to which mutual funds HEA believes are most appropriate for their accounts based on their financial condition and objectives.

Accordingly, to evaluate the advisory services we provide, clients should review both the fees charged by the funds, as well as the fees charged by HEA to fully understand the total amount of fees being paid for the services being provided.

#### Administration Fees and Other Compensation

HealthEquity Trust Company ("HETC"), a Wyoming-chartered trust company and wholly owned subsidiary of HQY, serves as custodian of all investment assets held in HSAs administered by HQY and serves as "qualified custodian" (as such term is defined in Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended) of all investments as to which HEA provides investment advice. HETC has engaged Charles Schwab Bank (together with its affiliates, "Schwab") to serve as sub-custodian of client investment assets, excluding cash.

Currently, mutual funds recommended by HEA and offered for purchase and sale on HQY's investment platform are grouped into two categories of Investment Lineups: Investment Lineups of "Category 1 Funds" and Investment Lineups of "Category 2 Funds." Generally speaking: (i) the Category 1 Funds consist of passively managed mutual funds, and the Category 2 Funds consist of actively managed mutual funds; and (ii) the Category 1 Funds charge shareholders lower overall expense ratios than those charged by the Category 2 Funds. Certain clients are only eligible to invest in Investment Lineups consisting exclusively of Category 1 Funds, and other clients are only eligible to invest in Investment Lineups consisting exclusively of Category 2 Funds.

With respect to Category 1 Funds, HETC typically charges clients an administration fee equal to 0.36% per annum (i.e. 0.03% per month) of the total value of Category 1 Funds held in a client's HSA, subject to a maximum of \$10.00 per month per HSA. The administration fee that HETC charges represents compensation for the custodial and recordkeeping services HETC provides in respect of Category 1 Funds. The administration fee is payable monthly (or at a different frequency as determined by HQY or HETC from time to time) in arrears, calculated based on the average daily balance for each month that the Category 1 Funds are held in an HSA, and debited directly from the client's HSA. HETC reserves the right to change the amount of the administration fee from time to time, including but not limited to agreeing to the charging of a flat fee for administration. If there is insufficient cash in a client's HSA account to pay for a non-employer-paid administration fee, HQY will liquidate investments in the client's account (and to decide which investments to liquidate) in order to pay for such administration fee.

With respect to Category 2 Funds, HQY does not charge an administration fee; rather, a portion of the fees that you pay as a mutual fund shareholder are shared with our affiliates for the administrative services they provide in respect of your investments in Category 2 Funds. These administration fees vary from fund to fund.

Whether in the case of Category 1 or Category 2 funds, the administration fees that HETC charges clients or

receives from Schwab constitute additional compensation separate and apart from the advisory fee that HEA charges for its advisory programs. Furthermore, the administration fees that HETC receives from Schwab in the case of Category 2 Funds may be more or less than the administration fees that HETC charges clients in the case of Category 1 Funds. HEA therefore faces a potential conflict of interest when recommending investments insofar as HEA has an incentive to recommend funds that will generate the highest administration fees for HETC, HEA's affiliate. To address this potential conflict of interest, HEA employs methods of analysis and investment strategies that were originally developed by an independent third party and that take into account a client's investment goals, time horizon and risk tolerance as opposed to reviewing a prospective investment for a client based on potential compensation that such investment generates for HETC. In selecting mutual funds, HEA also analyzes the experience and track record of portfolio managers and the underlying investments held by mutual funds to ensure that clients' portfolios are appropriately diversified, among other considerations. For additional information, please refer to Item 8 of this Brochure.

### Brokerage

All investment transactions on HQY's investment platform are effected on a no-transaction fee basis. This means that clients will not incur any brokerage commission transaction costs or fees other than those described in this Brochure (e.g., advisory fee, administration fee, and mutual fund fees and expenses) when implementing our investment recommendations on the platform. Please see Item 12 of this Brochure and above discussion on Administration Fees and Other Compensation for important disclosures regarding our brokerage practices and fees.

### *Item 6. Performance-Based Fees and Side-By-Side Management*

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We do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client in addition to the fees discussed above in Item 5 of this Brochure.

### *Item 7. Types of Clients*

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HEA provides advisory services to natural person clients who are HSA beneficiaries and provides investment advice (in the form of Investment Lineups) to HQY and certain HQY Partners.

Generally, HSA beneficiaries must reach an HSA cash balance threshold of \$2,000 to subscribe to HEA's services and are only eligible to invest HSA balances above the threshold. The applicable cash balance threshold will not exceed \$2,000, but is lower in certain circumstances.

### *Item 8. Methods of Analysis, Investment Strategies and Risk of Loss*

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HEA employs the following types of analysis to formulate client recommendations:

#### Asset Allocation in the AutoPilot and GPS Programs

Rather than focusing primarily on securities selection, we construct our model portfolios for the AutoPilot and GPS Programs based on asset allocation strategies that were originally developed by an independent third party and that we believe include an appropriate ratio of diversified investments that are suitable for many different types of investment goals, time horizons and risk tolerances.

A risk of asset allocation is that the diversified portfolio will not typically participate fully in sharp increases in a particular security, industry or market sector. Another risk is that the ratio of investments will change over

time due to market movements and, if not periodically rebalanced, may no longer be appropriate for the client's goals.

#### Mutual Fund Analysis when HEA Selects Investment Products

When we have responsibility for selecting the investment products available to an HSA beneficiary through the HQY investment platform, we will generally look at the experience and track record of the managers of mutual funds in an attempt to determine whether managers have demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets of mutual funds to determine whether there is significant overlap in the underlying investments held in other funds in the client's portfolio. We also monitor the funds in an attempt to determine if they are continuing to follow their stated investment strategies and their performance metrics.

As in all securities analysis, a risk of mutual fund analysis is that past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund, managers of different funds held by the client can purchase the same security, increasing the financial risk to the client if that security were to decrease in value. There is also a risk that a manager will deviate from the stated investment mandate or strategy of the fund, which could make the fund less suitable for the client's portfolio.

Our securities analyses method relies on the assumption that mutual fund managers are providing accurate and unbiased information and there is always a risk that our analyses could be compromised by inaccurate or misleading information.

Importantly, as noted above, when the investment products (including mutual funds) made available to an HSA beneficiary are selected by a third party, HEA will not monitor, and will have no responsibility for monitoring, the underlying investment products selected by the third parties, including without limitation the diversification of the assets held by such products or their investment performance.

#### Long-term purchases

Our allocation models are typically designed with a view towards clients holding individual investments for at least one year. We take this approach, among other reasons, because we may want exposure to a particular asset class over time, regardless of the current projection for this class or because we believe the price of certain securities held by a mutual fund are undervalued.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we will not take advantage of short-term gains that could be profitable to a client. Moreover, if our analysis is incorrect, a security could decline in value before we make the decision to sell.

#### Short-term purchases

Conversely, in limited circumstances, our allocation models will recommend purchases of securities with the idea of selling them within a relatively short time (typically a year or less). We follow this approach to take advantage of conditions that we believe will soon result in a price swing in the securities that we recommend or the securities held by a mutual fund that we recommend.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, HealthEquity Advisors, LLC | Form ADV Part 2A

or potentially taking a loss.

### General Market Risk

Investing in securities involves risk of loss (including loss of principal) that each client should be prepared to bear. Typical investment risks include market risk typified by a drop in a security's price due to company specific events (such as an earnings disappointment or a downgrade in the rating of a bond) or general market activity (such as occurs in a "bear" market when stock values fall in general). At various times, market volatility can have a dramatic effect on the value of investments. In addition, terrorist attacks, acts of violence or war, health epidemics or pandemics or natural disasters can affect the operations, and consequentially, the value of securities held in a client's portfolio. Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Fixed-income strategies are subject to interest rate risk and the inherent credit risk related to the underlying credit worthiness of the various issuers and the volatility of the bond market.

### Technology and Cybersecurity Risk

HEA and our service providers use computer systems, networks and devices to carry out routine business operations. Such technology and systems can become inoperable, disabled, or otherwise fail to perform key functions as a result of programming errors, physical or electronic break-ins, breaches, hacks and other malfunctions. HEA employs 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. HEA and its service providers also perform code testing before deploying any new code impacting the system as well as performing monitoring of system performance following a deployment. HEA conducts audits monthly to monitor for proper operation. 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 can 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 additional compliance costs; as well as the inadvertent release of confidential information. Similar adverse consequences could result from cybersecurity breaches affecting issuers 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 these entities in order to prevent any cybersecurity breaches in the future.

### Global Event Volatility Risk

U.S. and international markets have experienced significant periods of volatility in recent years due to a number of economic, political, and global macro factors, including the impact of the novel coronavirus ("COVID-19") as a global pandemic and related public health issues, growth concerns in the U.S. and overseas, uncertainties regarding interest rates, trade tensions and the treatment of tariffs imposed by the U.S. and other countries. In addition, natural and environmental disasters, war, acts of terrorism, and other events can adversely affect

local and global markets and normal market operation. These and other disruptions can exacerbate other pre-existing political, social, and economic risks in certain countries and could result in further market volatility and negatively impact financial asset prices, the liquidity of certain securities, and the normal operations of securities exchanges and other markets, despite government efforts to address market disruptions. These events could also result in the closure of businesses that are integral to our operations or otherwise disrupt the ability of employees or service providers to perform essential tasks.

***Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.***

#### ***Item 9. Disciplinary Information***

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HEA has no reportable disciplinary events to disclose.

#### ***Item 10. Other Financial Industry Activities and Affiliations***

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As stated in Item 4 of this Brochure, HEA is wholly owned by HQY, an HSA nonbank custodian headquartered in Draper, UT. HQY provides HSA administration services to HSA beneficiaries. Although HQY will refer clients to HEA, no referral fees will be exchanged between HQY and HEA. Certain employees of HEA are also employed by HQY. Moreover, office space and resources, software development services and associated personnel are provided to HEA or shared by HEA and HQY for the development and maintenance of the web-based service portal.

HEA is also related by common ownership and control to HETC, a Wyoming-chartered trust company and wholly owned subsidiary of HQY. HETC serves as custodian of all investment assets held in HSAs administered by HQY and serves as “qualified custodian” (as such term is defined in Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended) of all HSA investments as to which HEA provides investment advice.

These affiliations present a conflict of interest because HQY and/or its owners and employees receive additional direct or indirect compensation as a result of the advisory services HEA provides to HSA beneficiaries. Conflicts of interest also arise when certain non-advisory activities require a significant time commitment from our employees, thus limiting the amount of time they can dedicate to management of the algorithms and methods used to manage client accounts. Moreover, the sharing of physical office space, personnel, and/or information technology systems with certain of our affiliates results in the sharing of confidential and/or personally identifiable client information with these affiliates.

Since we seek at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser, we take the following steps to address conflicts:

1. We disclose to clients the existence of all material conflicts of interest;
2. We disclose to HSA beneficiaries that they are not obligated to use the advisory services of HEA;
3. We do not pay or collect referral fees from any related persons or entities;
4. We evaluate and periodically review any outside employment activity our employees are currently involved, or seek to engage in to ensure that any conflicts of interests in such activities are properly addressed;
5. To protect client personal information from unauthorized access and use, we use security measures

that comply with federal law and seek to address the always changing risks associated with information security. These measures include computer safeguards and secured files and buildings. We restrict access to client non-public information to those employees, affiliates, and vendors who need to know that information to service the client account;

6. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients; and
7. We employ investment strategies that were originally developed by an independent third party.

### *Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading*

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#### Code of Ethics Disclosure

We have adopted a Code of Business Conduct and Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Business Conduct and Ethics requires submission and review of quarterly securities transactions reports as well as initial and annual securities holdings reports of HEA's access persons. Our Code of Business Conduct and Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our Code of Business Conduct and Ethics provides for oversight, enforcement and recordkeeping to monitor that its requirements are observed. A copy of our Code of Business Conduct and Ethics is available to our advisory clients and prospective clients upon request to our Chief Compliance Officer, at our principal office address.

HEA or individuals associated with HEA have the right to buy or sell securities identical to those recommended to, or purchased for, our clients. Thus, any related person can, and in some circumstances do, have an interest or position in a certain security which is also recommended to a client. Our employees are permitted to enroll their personal HSA with HQY and have them managed by HEA. As a result, their trades will be aggregated with trades of client accounts through the omnibus trading account utilized by HEA. Any potential conflict of interest resulting from this practice is largely mitigated by the fact that only widely-available, publicly-traded mutual funds are recommended to our advisory clients.

Additionally, to ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1. No principal or employee of HEA is permitted to buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, from information learned through his or her employment unless the information is also available to the investing public on reasonable inquiry. Principals and employees of HEA are prohibited from preferring their own interest to that of the advisory client.
2. We maintain a list of all securities holdings and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by our Chief Compliance Officer, or designee.
3. We emphasize the unrestricted right of the client to decline to implement any advice rendered, except

in situations where we are granted discretionary authority.

4. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
5. Any individual not in observance of the above may be subject to disciplinary action up to and including termination.

### ***Item 12. Brokerage Practices***

HETC acts as custodian of all investment assets held in HSAs administered by HQY and as “qualified custodian” of all HSA investments as to which HEA provides investment advice. HETC has engaged Schwab to serve as sub-custodian. As part of the sub-custodial relationship, HETC maintains an omnibus account at Schwab. The omnibus account is used to execute all client securities transactions.

Therefore, in subscribing to the advisory services of HEA, the clients are, in effect, directing us to use Schwab as the broker-dealer for their accounts. Clients do not pay commissions on the transactions effected in the omnibus account held at Schwab. *Not all advisers require their clients to direct brokerage.* HETC’s exclusive relationship with Schwab may result in us being unable to achieve the most favorable execution price of a securities transaction.

We participate in the Schwab Retirement Business Services (hereinafter, “SRBS”) program offered to independent investment advisers by Schwab. As part of the SRBS program, we receive benefits that we would not receive if we did not use services of Schwab and/or its affiliates for clients. These benefits include: investment research and monitoring tools, educational resources, access to multiple investment options, including mutual funds through the Schwab Mutual Fund MarketPlace, customized consulting solutions, and integrated trust, custody and clearing services. Therefore, participation in the SRBS program results in a potential conflict of interest, as the receipt of the above benefits creates an incentive for us to select the services of Schwab for our clients. The factors considered by us when selecting a broker-dealer are the broker-dealer’s ability to provide professional services, our experience with the broker-dealer, the broker-dealer’s reputation, and the broker-dealer’s quality of execution services and costs of such services, among other factors.

HETC receives administration fees from Schwab with respect to investments in Category 2 Funds. For additional information regarding this arrangement, please refer to Item 5 of this Brochure.

#### Trade Aggregation

Since an omnibus trading account is maintained at Schwab, we will generally aggregate client trades. Such aggregation allows us to receive volume discounts and to obtain better and more uniform pricing across client accounts. Transactions will be averaged as to price and will be allocated among our clients by HQY in proportion to the purchase and sale orders placed from each client account on any given day.

#### Trade Errors

HEA has a fiduciary duty to its clients with regards to trading including the duty to effect orders correctly and promptly. In the event that an error occurs in the handling of any client transaction due to HEA’s action, or inaction, or the action or inaction of others, HEA’s policy is to seek to identify and correct any errors as



promptly as possible. In general, HEA will evaluate the impact to the client's account, including comparing the performance of the account to the performance of the client's selected portfolio allocation. HEA bears the costs associated with correcting any error or covering losses and the client retains any gains associated with any error.

### ***Item 13. Review of Accounts***

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Through algorithms and methodologies that are monitored and overseen by our Investment Committee, our proprietary technological platform monitors the underlying securities in client accounts and performs reviews of account holdings for clients monthly. Accounts are reviewed in the context of the investment objectives and guidelines of model portfolios. There is no manual review of account performance by any HEA personnel, and accordingly, there are no circumstances in which HEA will override the algorithms to manage a client's account.

Clients that elect to receive a weekly performance summary through our interactive website are reminded in each performance summary to keep their responses to the Questionnaire up to date to ensure that our recommended portfolio continues to be suitable for each client account. Furthermore, HQY and HETC will provide HSA beneficiaries with monthly statements, reflecting account holdings and/or investment performance.

### ***Item 14. Client Referrals and Other Compensation***

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We do not receive any compensation from third parties for providing investment advice to our clients, and do not compensate anyone for client referrals.

### ***Item 15. Custody***

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HETC serves as custodian of all investment assets held in HSAs administered by HQY and serves as "qualified custodian" (as such term is defined in Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended) of all HSA investments as to which HEA provides investment advice. HETC has engaged Charles Schwab Bank (together with its affiliates, "Schwab") to serve as sub-custodian of client investment assets, excluding cash. HEA is deemed to have "custody" (within the meaning of Rule 206(4)-2 under the Investment Advisers Act of 1940, as amended) of client funds due to its affiliation with HETC. HEA provides instructions to HETC regarding the investment of clients' assets. Each client will receive, at least quarterly, a statement showing all transactions occurring in the client's account during the period covered by the account statement. We urge you to carefully review statements of account holdings and/or performance results that you receive from us. Any discrepancies should be reported to us immediately.

### ***Item 16. Investment Discretion***

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For clients participating in the AutoPilot Program and granting us discretionary authority to determine which securities and the amounts of securities that are to be purchased or sold for their account(s), we require that such authority be granted in writing via an executed investment management agreement. We do not maintain discretionary authority over accounts other than those managed through the AutoPilot program.



### ***Item 17. Voting Client Securities***

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As stated within each client's investment management agreement, to the extent that HEA, HQY or HETC receives any communications, including with respect to voting proxies, information concerning tender offers and proposed mergers from the issuer of securities ("Issuer Communications"), client (i) authorizes HETC, HQY and/or HEA (as applicable) to exercise all voting decisions and take any other required actions related to such Issuer Communications on client's behalf; and (ii) acknowledges and agrees that client will not receive copies of any such Issuer Communications. HETC, HQY and/or HEA (as applicable) will typically vote proxies in line with the recommendation of the Board of the fund and will abstain from voting if voting would represent a conflict of interest. HEA will also monitor the results of proxy votes through its investment monitoring process for votes that impact significant components of the underlying mutual funds like a change of the primary investment objective of the fund, the index an index fund is seeking to track, or the fee structure of the fund to ensure the fund continues to be appropriate for inclusion in the applicable fund lineup(s). HETC, HQY and/or HEA do not currently but may in the future utilize the services of certain third-party consultants in determining how to vote in response to Issuer Communications. If client desires to receive Issuer Communications, client must notify HQY in writing, in which case HETC, HQY or HEA will forward the Issuer Communications to client's address of record promptly upon receipt, and client will assume sole responsibility for voting or taking any action with respect to Issuer Communications.

Information regarding historical votes is available by contacting [advisor@healthequity.com](mailto:advisor@healthequity.com).

### ***Item 18. Financial Information***

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As stated in Item 5 of this Brochure, we do not charge any fees to referred clients. Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered, and therefore we have no obligation to disclose our financials as part of this Brochure. We do not have any financial conditions that impair our ability to meet our contractual obligations to you, and have never been the subject of a bankruptcy proceeding.