

Form ADV

Part 2A – Brochure



Human Interest Advisors LLC Firm Brochure – Form ADV Part 2A

This brochure provides information about the qualifications and business practices of Human Interest Advisors LLC. If you have any questions about the contents of this brochure, please contact us at (855) 622-7824 or by email at: support@humaninterest.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Human Interest Advisors LLC is also available on the SEC’s website at www.adviserinfo.sec.gov. Human Interest Advisors LLC’s CRD number is: 269875. Registration does not imply a certain level of skill or training.

Human Interest Advisors LLC is a wholly owned subsidiary of Human Interest Inc.

Version Date: March 23, 2022

Item 2: Material Changes

Since our last annual updating amendment dated March 24, 2021 there have been no material changes to report.

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Item 4: Advisory Business

Description of the Advisory Firm

Human Interest Advisors LLC (hereinafter “Human Interest Advisors” or “HIA”) is a Limited Liability Company organized pursuant to the laws of the State of Delaware in June 2015 and is a wholly owned subsidiary of Human Interest Inc. (“HII”). HIA provides investment advisory services more fully described below to its plan clients.

HIA and HII (together, "Human Interest"), are proud to provide a digital platform that enables small and medium sized businesses to offer defined contribution retirement plans, such as 401(k) plans and 403(b) plans, to their employees. The digital platform is offered in three tiers known as "Essentials," "Complete," and "Concierge" packages, each with different administrative servicing features, and all with the same available investment advisory features described below. While HII provides set-up, onboarding, payroll sync, and recordkeeping/administration services to the plans, HIA acts as a 3(21) or 3(38) (as defined under the Employee Retirement Income Security Act of 1976 ("ERISA")) investment adviser or manager to its plan clients ("Plans") and not to its employees ("Plan Participants").

Types of Advisory Services

HIA provides investment advice with respect to limited types of investments, which are open-end mutual funds, and its advice is limited to recommending these types of investments to Plans in furtherance of certain ERISA provisions that define diversified investment and Qualified Default Investment Alternative ("QDIA") requirements. Plans may choose for HIA to act as a 3(21) investment advisor under ERISA, or a 3(38) investment manager under ERISA with respect to these diversification and QDIA requirements.

If a Plan chooses HIA to act as a fiduciary under 3(21) of ERISA ("3(21) Fiduciary"), HIA will work with the Plan to develop a menu of core investment options, all of which are open-end mutual funds, to be provided to the Plan and therefore Plan Participants. The menu will include an automated investment allocation feature that uses Plan Participant information to develop a suggested risk profile using a computer generated algorithm to determine a Plan Participant's QDIA allocations ("Default Allocation"), including potential rebalancing of the portfolio on a quarterly basis. The plan sponsor also includes other mutual funds in their investment menu in addition to those recommended by HIA. HIA will not have the discretion to change the Plan's investment menu. Plan Participants are able to select their investments independently from their Plan's investment menu, or use the Default Allocation.

If a Plan chooses HIA to act as a fiduciary to the Plan pursuant to 3(38) of ERISA ("3(38) Fiduciary"), HIA will develop a menu of investment options, all of which will be open-end mutual funds, to be provided to the Plan and therefore Plan Participants. HIA will monitor the investment options and will have the discretion to change the menu of investment options, pursuant to HIA's agreement with the Plan. The investment menu developed by HIA for the Plan will include the core mutual funds utilized by HIA's model, as well as other mutual fund options for the Plan Participants, and typically will include an additional 20-25 mutual funds. The Plan Participants will have the ability to choose their investments independently from the menu or to utilize the Default Allocation.

Client Tailored Services and Client Imposed Restrictions

HIA selects the Plans' mutual fund options based on the clients' investment policy

statements and Human Interest Advisors' own due diligence on each mutual fund. Clients who wish to impose restrictions in investing in certain securities may do so by selecting HIA's 3(21) fiduciary service.

Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. HIA does not participate in, sponsor, or provide investment advice to any wrap fee programs.

Assets Under Management

As of January 31, 2022, HIA had approximately \$1,916,211,475.00 in assets under management managed on a non-discretionary basis.

Item 5: Fees and Compensation

Fee Schedule

- a. Investment Advisory Services: Fees for Human Interest Advisors' investment advisory services are charged as a percentage of total assets under management of typically up to 0.50% annually. These fees are generally negotiable, and the final fee schedule is included in the agreement between the Plan and Human Interest. Plans that terminate their agreement with Human Interest will be charged investment advisory fees through the effective date of termination, pro-rated for a calendar quarter, as applicable.

Custody services are provided by Matrix Trust Company ("Matrix"), and certain Plans who are 403(b) and/or control group plans use Mid Atlantic Trust Company ("MATC"). HII pays Matrix's and MATC's Plan custody fees, which are based on total assets held in custody for a Plan. Custody fees include transaction fees and commissions on all trading executed in Plan Participant accounts.

HIA uses the average daily balance in the client's account during each quarterly billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the advisory fee is based. For Plans that rely upon a third-party recordkeeper to calculate fees, Human Interest Advisors uses the balance in the client's account as of the last day of each quarter.

- b. Plan Administration Services: Fees for HII's web-based services for the setup and administration of defined contribution plans are generally charged as a monthly or annual subscription fee depending on the level of services. A setup fee may also apply. These fees are generally negotiable, and the final fee schedule is attached to or included with the Human Interest Terms of Service agreement with the Plan.

Payment of Fees

Fees for Human Interest Advisors' investment advisory services are usually paid directly from Plan assets, and sometimes paid directly by the plan sponsor, and recorded in Plan Participant accounts. Fees are paid on a quarterly basis in arrears, unless paid directly by the plan sponsor, in which case fees are paid on a monthly basis in arrears.

Client Responsibility for Third-Party Fees

The annual operating and management expenses charged by the core mutual funds selected for Plans are disclosed in each mutual fund prospectus, as well as fee disclosures provided by HIA to Plan Participants. Mutual fund expenses are embedded in each mutual fund's net asset value ("NAV") and are therefore borne by each Plan Participant in proportion to their individual holdings.

Brokerage and trading costs are not typically incurred for mutual fund transactions except in those instances when a participant is charged fees because they have engaged in excessive short-term trading that exceeds the limits established, disclosed, and enforced by certain mutual funds. In addition, certain funds that may be included in some Plans' menus have additional fees, specifically a 12b-1 fee that is paid to the custodian. If applicable, 12b-1 fees are disclosed to Plan Participants in the fee disclosures provided by Human Interest annually. Please see Item 12 of this brochure for more information on brokerage practices.

Prepayment of Fees

Human Interest Advisors collects its fees in arrears and does not collect fees in advance.

Outside Compensation for the Sale of Securities to Clients

Neither Human Interest Advisors nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6: Performance-Based Fees and Side-By-Side Management

Human Interest Advisors does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of any client account.

Item 7: Types of Clients

Human Interest Advisors provides advisory services to Plans that are defined contribution plans, including 401(k) and 403(b) plans.

Human Interest does not require a minimum dollar amount for a Plan to become a client.

Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

Methods of Analysis

Human Interest Advisors' methods of analysis include modern portfolio theory.

Modern portfolio theory is an investment theory that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various assets.

Human Interest Advisors uses a long term strategy, meaning that investments are selected based on internal research indicating that investments will increase in value over the long term. Human Interest Advisors does not utilize day trading or other short-term trading strategies.

Human Interest Advisors primarily practices passive investment management. Passive investing involves building portfolios that are composed of various, distinct asset classes that are weighted in a manner intended to achieve the desired relationship between correlation, risk, and return. Funds that passively capture the returns of the desired asset classes are placed in the portfolio, which are typically indexed mutual funds. Passive investment management is characterized by low portfolio expenses (i.e., the funds inside the portfolio have low internal costs), minimal trading costs (due to infrequent trading activity), and relative tax efficiency (because the funds inside the portfolio are tax efficient and turnover inside the portfolio is minimal). In contrast, active management involves a single manager or managers who employ some method, strategy, or technique, to construct a portfolio intended to generate returns greater than the broader market or a designated benchmark.

The due diligence criteria used by Human Interest Advisors for its selected investment option include, but are not limited to, the following:

- The investment option's volatility and performance relative to benchmarks;
- The investment options demonstrated adherence to stated investment objectives;
- The investment option's fees and expense ratios;
- The investment management organization's size, structure, and history; management profile and investment philosophy; staff experience and depth; and technological commitment to research; and
- The fund or investment option must also be available through the custodian's trading platform.

Material Risks Involved

- Methods of Analysis

Modern Portfolio Theory assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile.

Investing in securities involves a risk of loss that all investors should be prepared to bear.

- Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include, but are not limited to, inflation risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

- Material Third Party Relationship Risks

Human Interest Advisors maintains and relies on vendor relationships with unaffiliated service providers, as well as HII, to provide its advisory services. It is possible that a vendor could experience a risk event, such as a cybersecurity or financial impairment, which could in turn affect HIA's advisory services.

Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. This risk includes the potential loss of principal (i.e., amounts invested) and any unrealized gains. Markets can be volatile, and prices of mutual funds and their underlying investments can fluctuate substantially over time. Other factors such as economic and political events can also affect investment performance. There is no guarantee that any investment will not lose money.

Investment Company Risk: When a Plan Participant invests in open-end mutual funds, the Plan Participant indirectly bears its proportionate share of any fees and expenses payable directly by those funds.

Market Risk: A decline in the stock market could depress the prices of securities in a Plan Participant's portfolio.

Interest Rate Risk: A change in interest rates or a change in the relationship between different market interest rates could depress the prices of securities in a Plan Participant's portfolio.

Event Risk: An adverse event affecting a particular company or that company's industry could depress the price of investments in that company's stocks or bonds. A company, government, or other entity that issued bonds could become less able to, or fail to, repay, service or refinance its debts, or the issuer's credit rating could be downgraded by a rating agency, as a result of the adverse event. Adverse events affecting a particular country, including political and economic instability, could depress the value of investments in issuers headquartered or doing business in or with that country.

Liquidity Risk: Securities that are normally liquid may become difficult or impossible to sell at an acceptable price during periods of economic instability or other emergency conditions.

Domestic and/or Foreign Political Risk: Domestic events relating to politics, government, and elections, can affect U.S. markets. Political events occurring in the home country of a foreign company held by any mutual fund such as revolutions, nationalization, and currency collapse, can have an impact on the security held by the fund.

Inflation Risk: Nations around the globe may be more or less prone to inflation than the U.S. economy at any given time. Companies operating in countries with higher inflation rates may find it more difficult to post profits.

Item 9: Disciplinary Information

Criminal or Civil Actions

There are no criminal or civil actions to report.

Administrative Proceedings

There are no administrative proceedings to report.

Self-regulatory Organization Proceedings

There are no self-regulatory organization proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

Registration as a Broker/Dealer or Broker/Dealer Representative

Neither Human Interest Advisors nor its representatives are registered as, or have pending applications to become a broker/dealer or a representative of a broker/dealer.

Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither Human Interest Advisors nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor, or an associated person of the foregoing entities.

Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Human Interest Advisors is wholly owned by HII. HII and Human Interest Advisors together provide Plans with recordkeeping, administration, integration with payroll providers (which are not affiliated with Human Interest), and investment and fiduciary advice. Human Interest Advisors' clients are also clients of HII, and HII and Human Interest Advisors share office space, employees, management, and office infrastructure. HII and Human Interest Advisors have a common goal of offering full service retirement plans to their clients. For Plans that choose Human Interest Advisors as their investment advisor or investment manager, HII will be the provider of other plan services, such as recordkeeping, administration and payroll integration. Human Interest Advisors' services are not currently available to clients other than the Plan clients of HII, and HII does not recommend or select investment advisers other than Human Interest Advisors. Management will always consider the interests of both entities when making decisions. As both entities serve the same clients, this relationship does not create a conflict as management decisions consider only mutual clients. In order to utilize Human Interest's services, Plan clients enter into a custody agreement with Matrix or MATC, neither of which is a Human Interest affiliate. Although each Plan has its own custodial contract, custodial fees are paid by HII. As Plan assets held in custody with Matrix increase, the rate of custody fees HII pays to Matrix will decrease. The custodians do not provide Human Interest with any compensation to be chosen.

Selection of Other Advisers or Managers and How This Advisor is Compensated for Those Selections.

Human Interest Advisors' menu of recommended investment options covers asset classes with a wide range of risk and performance characteristics. Our recommended investment menu includes low-cost index funds from major asset classes and risk categories. Each investment option is a registered investment company (i.e., mutual fund). The due diligence criteria used for selecting each mutual fund includes, but is not limited to, the following:

- The investment option's volatility and performance relative to benchmarks;
- The investment options demonstrated adherence to stated investment objectives;
- The investment option's fees and expense ratios;
- The investment management organization's size, structure, and history; management profile and investment philosophy; staff experience and depth; and technological commitment to research; and
- The fund or investment option must also be available through the custodian's trading platform.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

Human Interest Advisors has a written Code of Ethics designed to establish a standard of business conduct that reflects the firm's fiduciary duties, defines the behavior expected of its employees, and limits employee activities with respect to certain potential conflicts of interest. The Code of Ethics covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. All of our supervised persons must acknowledge the terms of the Code of Ethics annually, and as amended. All of HIA's access persons are required to disclose their securities holdings. Human Interest Advisors' Code of Ethics is available free upon request to any client or prospective client. For a copy of our Code of Ethics, email support@humaninterest.com.

Recommendations Involving Material Financial Interests

Human Interest Advisors does not recommend that clients buy or sell any security in which a related person to Human Interest Advisors or Human Interest Advisors has a material financial interest.

Investing Personal Money in the Same Securities as Clients

From time to time, representatives of Human Interest Advisors could buy or sell securities for themselves that they also recommend to clients. This could provide an opportunity for representatives of Human Interest Advisors to buy or sell the same securities before or after recommending the same securities to clients. Human Interest Advisors monitors employee personal trading as required by Human Interest Advisors' Code of Ethics and the Investment Advisers Act of 1940. However, HIA believes that the type of investment advice provided to its clients, relating solely to the purchase and sale of open-end mutual funds does not create a material conflict of interest between clients and Human Interest or its employees, nor the opportunity for Human Interest or its employees to profit improperly by buying or selling in tandem with clients. Open-end mutual funds are priced once a day and all clients, and any employees that purchase or sell shares of an open-end mutual fund, receive the same price.

Item 12: Brokerage Practices

Factors Used to Select Custodians and/or Broker/Dealers

HIA provides only non-discretionary trading recommendations, and as such does not select or recommend brokers nor execute discretionary transactions. Securities transactions are executed at the direction of Human Interest through the affiliated broker dealer of the custodians.

Research and Other Soft-Dollar Benefits

Human Interest Advisors receives no research, products, or services other than execution from any broker-dealers or custodians in connection with Human Interest client securities transactions (“soft dollar benefits”).

Brokerage for Client Referrals

Human Interest Advisors does not receive referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party. The custody fee rate charged to Human Interest, which includes brokerage costs, will decrease as assets held in custody increase.

Clients Directing Which Broker/Dealer/Custodian to Use

Human Interest Advisors does not permit clients to direct it to execute transactions through a specified broker-dealer. All trades executed on behalf of Plans are purchases or sales of mutual fund shares, and Human Interest Advisors does not receive any compensation, cash or otherwise, from any of the sponsors or managers of the mutual funds recommended to Plans.

Aggregate (Block) Trading for Multiple Client Accounts

All trades executed on behalf of clients and/or Plan Participants are aggregated among a Plan’s Participants. All Plan Participants receive the same price for any security on any given day.

Item 13: Reviews of Accounts

Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Human Interest Advisors’ investment personnel review the mutual funds that are recommended to Plans on a quarterly basis for continued alignment with the investment process described in Item 8 above.

Content and Frequency of Regular Reports Provided to Clients

Human Interest Advisors’ clients have access through Human Interest’s website to quarterly reports detailing the Plan’s account, including assets held, asset value, investment gains, investment losses, and fees deducted from the Plan. Plan Participants

can access their individual account information at any time through Human Interest's website and are provided with a statement on a quarterly basis.

Item 14: Client Referrals and Other Compensation

Economic Benefits Provided by Third Parties for Advice Rendered to Clients

Human Interest Advisors does not economically benefit, directly or indirectly, from third parties for investment advice rendered to Human Interest Advisors' clients. Human Interest Advisors selects the mutual fund options based on the clients' investment policy statements and Human Interest Advisors' own due diligence on each mutual fund.

Compensation to Third Parties for Client Referrals

HII utilizes the services of unaffiliated firms as referral agents to assist with finding new clients. In consideration for such services, HII compensates the unaffiliated firm with a negotiable dollar amount at the time of the referral, or a percentage of HII's administrative services fees. Compensation with respect to the foregoing is disclosed to each client, to the extent required.

Human Interest Advisors also offers some existing clients reduced and/or waived fees (for a specified period) for referring prospective clients to the firm.

Referred clients' Plan assets are, in some cases, charged an amount in excess of the amount that normally would be charged by Human Interest Advisors for services, excluding the referral fee. In some cases, a third party advisor that provides investment advisory services independent of and in addition to Human Interest's services will refer clients to Human Interest and Human Interest will pay and/or facilitate the payment to the third-party advisor. Such third-party advisor fees are separately negotiated between the third party advisor and the Plan.

These arrangements could create an incentive for a third party or existing client to refer prospective clients to Human Interest Advisors, even if the third party would otherwise not make the referral.

Item 15: Custody

Human Interest does not have custody of client assets. All Plan assets, including funds, cash, and securities are held by Matrix or MATC, both of whom are qualified custodians. When advisory fees are deducted directly from client accounts at the client's custodian, Human Interest Advisors will be deemed to have limited custody of clients' assets and must have written authorization from the client to do so.

Clients and Plan Participants will receive quarterly statements that they should carefully review.

Item 16: Investment Discretion

Human Interest Advisors classifies all assets under management as non-discretionary because it has an ongoing responsibility to select or make recommendations as to specific investments that Plan accounts may purchase or sell based on the Plans' needs, with HIA only responsible for arranging or effecting the purchase or sale of the investments if the Plans accept such recommendations. Additionally, Plan Participants rather than HIA are responsible for making their investment elections with respect to those funds selected by the Plans.

Item 17: Voting Client Securities (Proxy Voting)

Human Interest Advisors will not ask for, nor accept voting authority for Plan Participant held securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

Balance Sheet

Human Interest Advisors neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither Human Interest Advisors nor its parent company has any financial condition that is likely to reasonably impair Human Interest Advisors' ability to meet contractual commitments to clients.

Bankruptcy Petitions in Previous Ten Years

Human Interest Advisors has not been the subject of a bankruptcy petition.