

HIGGINS CAPITAL MANAGEMENT, INC.
Form CRS Customer Relationship Summary June 2020

Item 1 Introduction

Higgins Capital Management, Inc. (“HCM”) is registered with the State of California as an Investment Adviser and is registered with the Securities and Exchange Commission (SEC) as a Broker- Dealer; and is a member of the Financial Industry Regulatory Authority (FINRA) and the Securities Investor Protection Corporation (SIPC).

Brokerage and investment advisory services and fees differ, and it is important for you to understand the differences. The SEC offers free and simple tools to research firms and financial professionals at <https://www.investor.gov/CRS> which also provides information tailored to educate retail investors about financial professionals.

Item 2 Relationships and Services

What investment services and advice can you provide me?

Our firm offers brokerage and investment advisory services to retail and institutional investors.

Brokerage Dealer - Our broker-dealer services include taking your orders and executing your securities transactions, as well as making recommendations for you to buy, sell, or hold securities or recommendations to execute a series of those transactions. In most cases, we provide recommendations to you on specific investments, but you make the final investment decisions for your account. Or, you may elect to give us written authority to buy or sell securities on your behalf. If you give us written authority, you still have the right to later revoke that authority. We don't monitor brokerage account investments for you, unless we state otherwise in writing. You do not need to have a minimum amount to invest to open a brokerage account with us, but some of the investments you may purchase through us have minimum investment requirements. For more information regarding minimum investment requirements, please refer to the prospectus or offering documents for your investment.

Investment Advisor - Our firm provides continuous discretionary and non-discretionary advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background. We manage these advisory accounts on a discretionary or non-discretionary basis, as stipulated by each client's contract with us. Account supervision is guided by the client's stated objectives (i.e., preservation of principal/income, balanced growth, growth, or aggressive growth/aggressive income, speculation), as well as tax considerations.

- Financial planning—monitored annually as part of our standard service. Periodically we may provide services that are individually tailored to the specific needs of each client. Financial planning is a comprehensive evaluation of your current and future financial state by using currently known variables and estimates to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by your entire financial and life situation. These services are value-added services offered to you on a best efforts basis, and are generally covered by our management fees. Financial planning may be done on an hourly fee basis when the circumstances are complex and for special projects. When you receive financial planning services, you will receive a written report which provides you with a detailed financial plan designed to assist you to achieve your financial goals and objectives.
- Retirement planning—monitored annually as part of our standard service. Limitations are based on the client’s risk profile and objectives.
- Portfolio management—monitored quarterly as part of our standard service. Limitations are based on the client’s risk profile and objectives.
- Buying and selling securities—monitored continuously as part of our standard service. Limitations are based on the client’s risk profile and objectives.
- Investment recommendations—monitored continuously as part of our standard service. Limitations are based on the client’s risk profile and objectives.
- Personal investment strategies—monitored continuously as part of our standard service. Limitations are based on the client’s risk profile and objectives.
- Wrap fee programs (select RBC fee-based programs)—monitored quarterly as part of our standard service.
- Limited Partnerships (LPs), Direct Participations (DPPs), and Real Estate Investment Trusts (REITs)—monitored continuously as part of our standard service. Limitations are based on the client’s risk profile and objectives.
- Estate planning—monitored annually as part of our standard service.

For additional information including minimum investment amounts, please see Items 4 and 7 of our Form ADV, Part 2A or Items 4.A. and 5 of Part 2A Appendix 1) available at: [Higgins Capital](#); under About Us; Legal Documents.

Conversation Starter. We encourage you to ask your financial professional:

- *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

Item 3 Fees, Costs, Conflicts and Standard of Conflict

When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand, and ask us, about these conflicts because they can affect the recommendations, we provide to you.

What fees will I pay?

Our fees can be assessed quarterly in advance and arrears. Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from .50% to 3.00%. The fee is negotiated and is based upon a variety of factors, including, but not limited to: total assets to be managed, scope of engagement, investment style and types of investments.

It is important to understand that the more assets held in a retail client's account, the more the client will pay in fees. We therefore have an incentive to encourage a client to increase the assets in his/her account. Some fee arrangements create conflicts of interest described in more detail in our Form ADV, Part 2A.

In addition to the principal fees and costs listed above, there are other fees and costs related to our investment advisory services that you will pay directly or indirectly. Examples of the most common fees and costs include custodial and brokerage fees, including transaction fees and commissions. Mutual funds and exchange-traded funds also charge management fees, which are separate from the fees assessed by us. Money Manager Search and Monitoring Services clients will incur the underlying manager's fees as well as ours.

For brokerage services, we charge a transaction-based fee (sometimes referred to as a commission) every time you buy or sell an investment. The amount you pay as a transaction-based fee varies according to the particular investment and amount invested. *This is a conflict of interest because the more trades you make, the more transaction-based fees we earn. This creates an incentive to encourage you to trade often.* There is also a transaction-based fee for investments in stocks or ETFs. In that case, the transaction-based fee is usually charged as a separate commission or sales charge. For investments in bonds, this fee is typically included as part of the price you pay for the investment (called a markup or markdown).

- If our firm charges you asset-based fees, more assets in the account will cause you to pay more in fees and therefore we have an incentive to encourage you to increase the amount of money invested in those accounts.
- If our firm charges you transaction fees, the firm has an incentive to encourage you to trade more frequently.
- If our firm charges you a commission, our representatives may offer products to you that cost more and therefore you will be charged more.
- If our firm charges you fixed fees our representatives may offer products to you that cost more and therefore you will be charged more.

For investments in certain products like mutual funds, annuities, and alternative investments, we receive transaction-based fees from the investment product sponsor in the form of asset-based sales charges (e.g., sales loads). These fees are based on the amount invested in a product and, depending on the product, may be based how long you hold the investment. Our receipt of asset-based sales loads creates an incentive to recommend products or sponsors that include such charges. There are other fees and costs related to our brokerage services in addition to the principal fees and costs that you will pay directly or indirectly. Examples of the most common fees and costs are custodian fees, maintenance fees, insurance fees, mutual fund fees and wrap program fees.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

For additional information, please see Item 5 of our Form ADV, 2A Brochure (Part 2A) available at [Higgins Capital](#); under About Us; Legal Documents.

Conversation Starter. Ask your financial professional...

- Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?

What are your legal obligations to me when providing recommendations as my broker-dealer or when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we provide you with a recommendation as your broker-dealer or act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they

can affect the recommendations and investment advice, we provide you. Here are some examples to help you understand what this means.

- Our firm receives revenue from other parties and has a financial incentive to offer products where the firm benefits. This arrangement will impact the value of your investment over time.
- If you invest in mutual funds or variable insurance products, our firm has an incentive to encourage you to invest in positions that may be costly, dependent on amount purchased and time horizon.
- Our firm receives revenue from institutional local agency consulting fees.
- As mentioned above, the more assets the client has in his/her account, the more we receive in fees. We therefore have an incentive to encourage a client to increase the assets in his/her account.
- In addition, as mentioned, our fees are negotiable under certain circumstances and at our discretion. Should we agree to a lower fee, we would receive less compensation for services provide. We, therefore, are disinclined to negotiate fees.

Conversation Starter. Ask your financial professional...

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

For additional information, please see our Form ADV, 2A Brochure (Part 2A) available at: [Higgins Capital](#); under About Us; Legal Documents.

How do your financial professionals make money?

- Our broker dealer's representatives make commission through transaction/sale of a stock, bond, mutual fund, annuity, or any other commissionable product.
- Our investment advisor's representatives derive their compensation through account fees.
- Our investment advisor's representatives derive their compensation through institutional local agency consulting fees.
- Accounts fees can be generated as a fixed amount for financial planning, an hourly fee for planning or a percentage of the account value.

Many of HCM's representatives are dually registered and able to perform both commissionable and fee business.

Our professionals are compensated based on the amount of assets they service and therefore earn higher compensation for investing more of your money. Our professionals are compensated based on the needs of the client and therefore if the account is more complex, they will earn more. Our professionals are compensated based on the volume of certain products sold and therefore can earn higher commissions by recommending certain products. Our firm earns additional revenue from our financial professionals when they manage accounts, invest for their clients and make certain recommendations.

HCM representatives may sell securities products and other investment products in their capacity as HCM registered representatives and as licensed insurance agents. Registered representatives acting on behalf of HCM in a broker-dealer capacity (as opposed to investment advisor) and/or an insurance agency will have greater financial incentive to sell certain products.

Clients should be aware that the receipt of additional compensation by HCM creates a conflict of interest that may impair the objectivity of these individuals when making advisory recommendations. HCM endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser.

Item 4 Disciplinary History

Do you or your financial professionals have legal or disciplinary history?

Any disciplinary history will be addressed in our Form ADV or Form BD. Visit <https://www.investor.gov/> for a free and simple search tool to research our firm and our financial professionals.

Conversation Starter. Ask your financial professional...

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

Item 5 Additional Information

You can find additional information about our services and request a copy of the relationship summary by visiting; [Higgins Capital](#); under About Us; Legal Documents, emailing at debbie@higginscapital.com or calling us at 800 716-6510 or 858 459-2993.

Conversation Starter. Ask your financial professional...

- Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?