

Part 2A of Form ADV: *Firm Brochure*

Higgins Capital Management, Inc.

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This Brochure provides information about the qualifications and business practices of Higgins Capital Management, Inc. (“HCM”). If you have any questions about the contents of this Brochure, please contact us at 858-459-2993 and Debbie@HigginsCapital.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.

HCM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about HCM also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The last annual update for our Brochure was February 10, 2020.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Debbie Higgins at 858-459-2993, Debbie@HigginsCapital.com or visit our website at [Higgins Capital](#); under About Us; Legal Documents. Additional information about HCM is also available via the SEC's www.adviserinfo.sec.gov.

The SEC's web site also provides information about any persons affiliated with HCM who are registered, or are required to be registered, as investment adviser representatives of HCM.

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Item 4 – Advisory Business

HCM is a state-registered investment adviser with its principal place of business located in California. HCM began conducting advisory business in 1998.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company):

Deborah M. Higgins – President

Raymond L. Higgins – CEO

Our firm provides continuous 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 risk profile then create, and manage a portfolio based on that risk profile. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

HCM will provide asset management services to clients:

Investment Management Services

Investor Profile-HCM consults with the client to obtain detailed financial information and other pertinent data on a risk profile worksheet to enable HCM to determine the appropriate investment guidelines, risk tolerance and other factors that will assist in ascertaining the suitability of the asset management account. This information is gathered and reported on standard documents and is analyzed by HCM investment advisory representatives (IARs). Once the analysis is completed, the IAR develops an investment strategy with the potential client that addresses specific investment styles and allocation of client's assets

Portfolio Management Selection-HCM provides asset management of clients' funds. HCM diversifies and manages the client's portfolio. Investments are determined based upon the client's investment objectives, risk tolerance, net worth, net income and other various suitability factors. HCM manages the client's accounts on an individualized basis. Further restrictions and guidelines imposed by clients affect the composition and performance of portfolios. For these reasons, performance of portfolios within the same investment objective may differ and clients should not expect that the performance of their portfolios will be identical with the average client of HCM. The IAR may recommend a Managed Account, or an RBC Program account.

Managed accounts: Clients' assets are invested in securities that are deemed to be consistent with the client's stated investment objectives. Each client completes an investment risk profile and fee agreement. If managed on a non-discretionary basis, the Investment Adviser Representative (IAR) consults with the client and they agree on each purchase or sale of a security prior to the transactions being executed.

If managed on a discretionary basis, the IAR is authorized to execute transactions, pursuant to the client's investment objectives and restrictions, without contacting the client in advance for approval; or the client and IAR agree upon a third-party adviser, deemed to be appropriate for the client's investment objectives, who determines and executes transactions without first consulting the clients. In these arrangements, assets may be held away from RBC. In addition, if a Third Party Adviser is recommended to a client, the client shall enter into a separate investment advisory agreement with the Third Party Adviser and will receive the Third Party Adviser's required documents, including Form ADV Part 2A and Part 2B.

RBC Program Accounts: HCM offers a select group of RBC fee-based programs. RBC conducts due diligence on the independent money managers (RBC Program Managers) that are included in the RBC Programs.

In the Advisor program, the client appoints the IAR to provide advice with regards to stocks, fixed income, mutual funds, ETFs and eligible UITs on a non-discretionary basis. The client must authorize each transaction in advance.

Financial Planning

HCM offers financial plans to clients encompassing the following:

- Personal financial planning
- Insurance and estate planning
- Capital needs analysis
- Tax and cash flow
- Retirement planning
- Investment analysis and planning
- Education planning

Financial planning information will be obtained through personal interviews with each client concerning the client's current financial status, future goals and attitudes towards risk. Related documents supplied by the client are carefully reviewed, along with data gathered from the client. A written report may be issued.

Third Party Advisers

HCM will enter into agreements with various non-affiliated investment advisers to offer asset allocation and asset management services to HCM's clients. The duties of HCM will include assisting the client in choosing investment objectives and appropriate investment managers, setting restrictions or limitations on the management of the account, explaining portfolio strategies and transactions and answering client questions. Also, HCM reviews the performance of third party advisers on a quarterly basis prior to introducing clients to the non-affiliated investment advisers. As a result of the agreement, compensation will be provided to HCM in exchange for introducing clients to the not-affiliated investment advisers. Compensation to HCM will be in the form of a percentage of the fee charged to the client by the non-affiliated investment adviser for its services. These fees will usually be calculated as a percentage of assets under management. The relationship with the non-affiliated investment advisers will be clearly communicated to all clients in a disclosure statement provided by the non-affiliated investment advisor and/or HCM.

We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's investment policy statement, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of the client.

AMOUNT OF MANAGED ASSETS

As disclosed above, our firm provides financial planning and consulting services to our advisory clients. Because our services do not include portfolio management, pension consulting or other advisory services that pertain to the management or the oversight of management of client assets, we are not required to report a value of managed assets.

As of December 31, 2020, we were actively managing \$2,768,632 of clients' assets on a discretionary basis and \$0 accounts on a non-discretionary basis.

All material conflicts of interest under CCR Section 260.238(k) are disclosed regarding our firm, our representatives, and any employees, which could be reasonably expected to impair the rendering of unbiased and objective advice.

Item 5 - Fees and Compensation

Our annual fees are applied as follows:

Managed Accounts

Fees charged for managed accounts may range from ½ (0.50) of 1% up to 3% per year, based on a percentage of assets and paid quarterly in advance. The maximum annual fee for Managed Accounts is 3.00% and is not inclusive of any management fees charged by non-affiliated third parties. The fee schedule is negotiable and may not be inclusive of transactions costs. The final fee schedule will be included with the investment advisory agreement. Fees are prorated for partial years. HCM is compensated from the receipt of a portion of the program fee. HCM does not receive any additional compensation incentive directly or indirectly from a third party adviser. The portion of the fee shared with HCM is the same no matter which investment is chosen.

The “fee schedule” described above does not include other fees related to maintaining an account including, but not limited to IRA fees, early redemption fees, check writing, exchange fees, or similar fees imposed in connection with mutual fund transactions and other related fees.

Clients may be billed an investment management fee for advice provided on accounts held outside the firm, including 401(k), 403(b), Deferred Compensation and any other retirement plan at a range from ½ (0.50) of 1% up to 3% per year, based on a percentage of assets. The fee is billed in quarterly increments based on the prior quarter’s ending account value and paid in advance.

A minimum of \$250,000 of assets under management is required for this service. This account size may be negotiable under certain circumstances. HCM may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

RBC Program Accounts

Fees charged for RBC programs may range from ½ (0.50) of 1% up to 3% per year, based on a percentage of assets and paid quarterly in advance. The maximum annual fee for the RBC Program (Advisor) for an account is 3.00% and may be discounted. The “fee schedule” is negotiable and is inclusive of all transactions fees. There is a minimum fee per account of \$125 annually. Fees are prorated for partial years. Compensation to HCM will be in the form of a percentage of the fee charged to the client by the non-affiliated investment adviser for its services. These fees will usually be calculated as a percentage of assets under management. The relationship of HCM with the non-affiliated investment advisers will be clearly communicated to all clients in a disclosure statement provided by the nonaffiliated investment adviser and/or HCM.

The specific manager in which fees are charged by HCM is established in a client's written agreement with HCM. HCM will generally bill its fees on a quarterly basis. Clients are billed in advance of each calendar quarter. Clients may also elect to be billed directly for fees or to authorize HCM to directly debit fees from client accounts. Management fees shall (or shall not) be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any accounts, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Financial Planning

HCM fees charged for financial planning are based upon the degree of complexity of the plan as well as the extent of service desired by the client. The fee amount will be quoted prior to the contract being executed. A quote of estimated time involved will be given upon contracting with the client.

HCM will, upon client's request, continue to be available at a negotiated fee, based on the complexity of the implementation of the client's financial plan, any subsequent evaluation, analysis function, or specific securities or investment related advice. Annual updates may also be provided upon contracting with the client. Clients not in need of a full financial plan but rather advice in one or more planning areas or on specific securities issues may be charged an hourly rate of \$200.

Fees are negotiable and payable in half upon signing of the engagement contract. The remaining balance is due upon delivery of the written plan. HCM, however, will ensure that the amount collected is not more than six (6) months in advance. The contract may be terminated by either party upon thirty (30) days written notice. Upon termination, HCM will refund fees prorated to the amount of work completed. Clients who terminate the contract within five (5) days of signing the contract shall be provided a full refund. HCM will not be compensated on the basis of a share of capital gains or capital appreciation of client's funds or any portion thereof.

Third Party Advisers

The specific manner in which fees are charged by HCM is established in a client's written agreement with HCM. HCM will generally bill its fees on a quarterly basis. Clients may elect to be billed in advance or arrears each calendar quarter. Clients may also elect to be billed directly for fees or to authorize HCM to directly debit fees from client accounts. Management fees shall [or shall not] be prorated for each capital contribution and withdrawal made during the applicable calendar quarter (with the exception of de minimis contributions and withdrawals). Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon

termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

HCM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to HCM's fee, and HCM shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that HCM considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

All third-party investment advisers to whom we refer clients will be registered, notice filed or otherwise exempt from registration with the California Department of Corporations.

Limited Negotiability of Advisory Fees: Although HCM has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Subsection (j) of Rule 260.238, California Code of Regulations requires that all investment advisers disclose to their advisory clients that lower fees for comparable services may be available from other sources.

Pursuant to §260.235.2 CCR, a conflict exists between the interests of the investment adviser or associated persons and the interest of the client; the client is under no obligation to act upon the investment adviser's or associated person's recommendation; if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through the investment adviser, the associated person when the person is an agent with a licensed broker-dealer or through any associate or affiliate of such person.

Item 6 – HCM does not charge any performance-based fees.

Item 7 – HCM provides portfolio management services to individuals and high net worth individuals. HCM provides consulting services to institutional local agencies.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Fundamental Analysis. We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis. We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical Analysis. In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy/strategies in managing client accounts, provided that such strategy/strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

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

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

Trading. We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Short sales. We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. Those borrowed shares are then sold. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock price has gone down since the shares were purchased from the original owner, the client account realizes the profit.

Margin transactions. We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of HCM or the integrity of HCM's management. HCM has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

In addition to HCM being a registered investment adviser, our firm is registered as a FINRA member broker-dealer. A list of affiliated broker-dealers is specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1, which can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

Management Personnel Registrations:

Management personnel of our firm are separately licensed as registered representatives of Higgins Capital Management, Inc. (HCM), an affiliated FINRA member broker-dealer.

These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

While HCM and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Clients should be aware that the receipt of additional compensation by HCM and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and 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; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and

- 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.

Item 11 – Code of Ethics

HCM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at HCM must acknowledge the terms of the Code of Ethics annually, or as amended.

HCM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which HCM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which HCM, its affiliates and/or clients, directly or indirectly, have a position of interest. HCM's employees and persons associated with HCM are required to follow HCM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of HCM and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for HCM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of HCM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of HCM's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between HCM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with HCM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. HCM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be

allocated on a pro rata basis. Any exceptions will be explained on the Order.

HCM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Deborah M. Higgins.

It is HCM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. HCM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Item 12 – Brokerage Practices

HCM does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

HCM requires that clients provide us with written authority to determine the broker-dealer to use and the commission costs that will be charged to our clients for these transactions.

Clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

As our firm does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct HCM as to the broker-dealer to be used.

HCM requests that clients direct us to place trades through RBC Capital Markets ("RBC"). HCM has evaluated RBC and believes that it will provide our clients with a blend of execution services, commission costs and professionalism that will assist our firm to meet our fiduciary obligations to clients.

We reserve the right to decline acceptance of any client account for which the client directs the use of a broker other than RBC if we believe that this choice would hinder our fiduciary duty to the client and/or our ability to service the account. In directing the use of another broker dealer, it should be understood that HCM will not have authority to negotiate commissions or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may direct the use of another broker).

Clients should note, while HCM has a reasonable belief that RBC is able to obtain best execution

and competitive prices, our firm will not be independently seeking best execution price capability through other brokers. Not all advisers require clients to direct it to use a particular broker-dealer.

For clients in need of brokerage or custodial services, and depending on client circumstances and needs, we may recommend the use of one of several brokers, provided that such recommendation is consistent with our firm's fiduciary duty to the client. Our clients must evaluate these brokers before opening an account. The factors considered by HCM when making these recommendations are the broker's ability to provide professional services, our experience with the broker, the broker's reputation, the broker's quality of execution services and costs of such services, among other factors. Clients are not under any obligation to affect trades through any recommended broker.

HCM will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. HCM will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. HCM's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with HCM, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable HCM to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation.

Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) HCM's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on HCM's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

Item 13 – Review of Accounts

Accounts are supervised continuously and formally reviewed annually, at a minimum, by Deborah M. Higgins, President. There is no minimum number of accounts assigned to the reviewers.

The review process contains each of the following elements:

- a. assess client's goals and objectives;
- b. evaluate the strategy which has been employed;
- c. monitor the portfolio; and
- d. address the need to rebalance

Account reviews may be triggered by any one or more of the following events in which intermediate reviews may be required:

- a. specific client request;
- b. change in client's goals & objectives;
- c. changes in the tax laws;
- d. changes in the economy; and
- e. changes in asset allocation and/or policy limits

Client's management accounts will receive a quarterly report which outlines the client's current position, security cost basis, and current market value. Clients may also receive performance analysis reports that display the time rated rates of return realized in the client's account. All such reports will be in addition to the monthly custodial statements received by the client from

the client's broker/dealer custodian. All clients in need of a more frequent report may request that additional service. Reports may also be provided by the outside money managers

Item 14 – Client Referrals and Other Compensation

Referrals Out:

It is HCM's policy not to engage as a solicitor nor be paid for presenting advisory services for potential clients away from our firm.

Referrals In:

It is HCM's policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

Item 15 – Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. HCM urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

HCM may receive discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, HCM observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, HCM's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Investment guidelines and restrictions must be provided to HCM in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, HCM does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. HCM may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client as disclosed above, is required to provide a copy of our firm's balance sheet. We are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. HCM has no additional financial circumstances to report.

HCM has not been the subject of a bankruptcy petition at any time during the past ten years.

Item 19 Requirements for State-Registered Advisers

The following individuals are the principal executive officers and management persons of HCM: Deborah M. Higgins-President & Raymond L. Higgins-CEO.

Information regarding the formal education and business background for each of these individuals is provided in their respective Brochure Supplements.

Please refer to Item 10, "Other Financial Industry Activities and Affiliations", for information regarding other business activities of the firm and its management personnel.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which our firm or management personnel were found liable or against whom an award was granted.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Part 2B of Form ADV: *Brochure Supplement*

Deborah M. Higgins

Higgins Capital Management, Inc.

2223 Avenida de la Playa, Ste. 210

La Jolla, CA 92037

858 459-2993

www.higginscapital.com

February 23, 2021

This brochure supplement provides information about Deborah M. Higgins that supplements the Higgins Capital Management, Inc. brochure. You should have received a copy of that brochure. Please contact Deborah M. Higgins if you did not receive our brochure or if you have any questions about the contents of this supplement.

Item 2. Educational Background and Business Experience

Deborah M. Higgins, President

Year of Birth: 1956

Education Background:

Augusta University 1981-BA, Business, Augusta, GA

Business Background:

Higgins Capital Management, Inc. 1997- Present

Item 3. Disciplinary Information

Deborah M. Higgins does not have any disciplinary events.

Item 4. Other Business Activities

A. Investment-Related Activities

Deborah M. Higgins receives commissions, bonuses or other compensation on the sale of securities or other investment products.

Deborah M. Higgins received compensation for investment advice as a member of a Foundation's Finance Committee.

B. Non-Investment-Related Activities

Deborah M. Higgins is an insurance agent/broker with various insurance companies conducting business under those various companies. As an insurance agent/broker, Deborah M. Higgins can receive customary commissions, bonuses or other compensation for implementing the purchase or sale of securities, insurance or investment products for HCM. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation he/she and/or our supervised persons may earn.

Clients are under no obligation to act upon any recommendations of Deborah M. Higgins or affect any transactions through him/her if they decide to follow the recommendations (unless they have granted our firm discretionary investment authority). Deborah M. Higgins does not limit his/her recommendations to products or services offered by the broker-dealer/insurance companies. She ensures that all the recommendations are appropriate for a client's specific needs. Clients have the option to purchase investment products recommended through other broker-dealers/insurance companies not affiliated with HCM.

Item 5. Additional Compensation

Mrs. Higgins does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

Item 6. Supervision

Raymond L. Higgins is responsible for supervision and formulation and monitoring of investment advice offered to clients by Deborah M. Higgins. He can be reached at 858 459-2993. Mr. Higgins reviews employee personal securities transactions on a quarterly basis, oversees all material investment policy changes, and conducts periodic testing to ensure client objectives and mandates are being met.

Part 2B of Form ADV: *Brochure Supplement*

Raymond L. Higgins

Higgins Capital Management, Inc.

2223 Avenida de la Playa, Ste. 210

La Jolla, CA 92037

858 459-2993

www.higginscapital.com

February 23, 2021

This brochure supplement provides information about Raymond L. Higgins that supplements the Higgins Capital Management, Inc. brochure. You should have received a

copy of that brochure. Please contact Raymond L. Higgins if you did not receive our brochure or if you have any questions about the contents of this supplement.

Item 2. Educational Background and Business Experience

Raymond L. Higgins, CEO

Year of Birth: 1952

Education Background:

US Naval Academy 1977-BS Management and Technology, Annapolis, MD

Business Background:

Higgins Capital Management, Inc.

1995- Present

Item 3. Disciplinary Information

Raymond L. Higgins does not have any disciplinary events.

Item 4. Other Business Activities

A. Investment-Related Activities

Raymond L. Higgins receives commissions, bonuses or other compensation on the sale of securities or other investment products.

B. Non-Investment-Related Activities

Raymond L. Higgins is an insurance agent/broker with various insurance companies conducting business under those various companies. As an insurance agent/broker, Raymond L. Higgins can receive customary commissions, bonuses or other compensation for implementing the purchase or sale of securities, insurance or investment products for HCM. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation he/she and/or our supervised persons may earn.

Clients are under no obligation to act upon any recommendations of Raymond L. Higgins or affect any transactions through him/her if they decide to follow the recommendations (unless they have granted our firm discretionary investment authority). Raymond L. Higgins does not limit his/her recommendations to products or services offered by the broker-dealer/insurance companies. She ensures that all the recommendations are appropriate for a client's specific needs. Clients have the option to purchase investment products recommended through other broker-dealers/insurance companies not affiliated with HCM.

Item 5. Additional Compensation

Mr. Higgins does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

Item 6. Supervision

Deborah M. Higgins is responsible for supervision and formulation and monitoring of investment advice offered to clients by Raymond L. Higgins. She can be reached at 858 459-2993. Mrs. Higgins reviews employee personal securities transactions on a quarterly basis, oversees all material investment policy changes, and conducts periodic testing to ensure client objectives and mandates are being met.