

HMC Investments, Inc.
Form CRS Customer Relationship Summary (CRS)
June 30, 2020

1. Introduction

HMC Investments, Inc. (HMCI) is registered with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority (FINRA) as a broker-dealer. HMCI's sole function is to act as the in-house placement agent for the proprietary private funds sponsored by our parent company, Harbert Management Corporation (HMC). These private funds are organized as limited partnerships, limited liability companies or other business entities, and HMC serves endowments, foundations, pension funds, financial institutions, insurance companies, high net worth families and individuals. HMCI does not effect any transactions for its affiliated Funds, nor does it hold customer funds or securities. HMCI is a member of the Securities Investor Protection Corporation (SIPC). Brokerage and investment advisory services differ, and it is important for you to understand the differences. Free and simple tools to research firms and financial professionals are available at www.Investor.gov/CRS, which also provides educational materials about broker-dealers, investment advisers and investing.

2. Relationships and Services

What investment services and advice can you provide me?

We only offer brokerage services to enable you to invest in privately placed securities offered by HMC. We generally do not provide investment recommendations to retail investors but may do so upon request or otherwise in limited instances. We do not offer services with respect to other investments outside of HMC and the only recommendation we would make (if any) would be in an HMC-sponsored fund. We do not open or maintain brokerage accounts for customers, nor do we monitor any investments that you may make in an HMC-sponsored Fund. Because we do not offer a full range of investment products, you will need to open accounts with other financial institutions in order to make investments in products not sponsored by HMC.

What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

We have operated as a broker-dealer since December 1996. Generally, our sales professionals hold a Series 7 - General Securities license and a Series 63 - State Securities license and are registered with FINRA. Supervisory personnel hold a Series 24 license.

Ask your financial professional—

- ***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?***

3. Fees, Costs, Conflicts, and Standard of Conduct

What fees will I pay?

We do not charge any fees for the limited services we provide to investors. Our affiliate, Harbert Fund Advisors, Inc. (HFA), pays us a placement agent fee; these payments do not come from investor or fund assets. The investments sponsored by HMC are subject to fees and costs, such as management fees and performance fees, a portion of which are paid to our affiliates and a portion to third parties. Such fees and costs are disclosed in the offering documents for each security and will vary based upon the terms of the offering. For additional information, please see the prospectus or other offering documents related to each investment you are considering.

How do you and your financial professionals make money?

HMCI has entered into a placement agent agreement with HFA and is paid a quarterly fee for such services. From those fee revenues, HMCI's licensed representatives are paid a salary and are eligible to participate in an annual discretionary bonus. Bonus compensation is determined annually and paid to employees whose performances during the year merit additional consideration beyond their base wages. Our registered representatives are not paid transaction-based compensation nor do they receive any compensation based on subsequent investment activity in HMC-sponsored funds.

What are your legal obligations to me when providing recommendations? What conflicts of interest do you have, how might they affect me and how do you address them?

Investors should understand that we are not considering HMC sponsored funds as potential alternatives among other investment products that traditional brokers, intermediaries or other purchaser representatives may consider when making recommendations to their clients. Our activities are limited to presenting HMC sponsored funds for investors' consideration. Further, simply because we present an opportunity to invest in an HMC Fund does not mean that we are recommending it to you. We expect our retail investors to make their own investment decisions, or rely on another broker, intermediary or purchaser representative to make recommendations to them, without relying on any recommendation from us.

To the extent our presentation of an HMC fund could be deemed a recommendation, we would have to act in your best interest and not put our interest ahead of yours. But in doing so we would only be considering our HMC sponsored fund and its suitability for the investor, and we would not be recommending that the investor select the HMC fund to the exclusion of other potential investment products. Further, investors should also understand that we make money every time an investor invests in an HMC sponsored fund, so we naturally have an interest in encouraging investments in HMC sponsored funds that may conflict with your interest in selecting investments, generally. Accordingly, if an investor desires a third party to consider various investment products and make recommendations therefrom, he or she should consult with another broker, intermediary or other purchaser representative not affiliated with HMC to make such recommendations.

Ask your financial professional—

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

4. Disciplinary History

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

Neither HMCI nor any of its registered representatives have any disciplinary history. Please visit [FINRA.org/ BrokerCheck](http://FINRA.org/BrokerCheck) for a free and simple search tool on HMC Investments, Inc. and its registered representatives.

To report a problem to FINRA, visit finra.org or call FINRA's General Inquiries telephone number at 301-590-6500.

Ask your financial professional—

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

5. Additional Information

[Who is my primary contact person?](#) *Who can I talk to if I have concerns about how I am being treated?*

The primary contact person for HMCI is Mike Bauder at (205) 987-5598. If you have any concerns about how you are being treated, you should contact Charlie Miller at (205) 987-5517.

If you would like any additional, up-to-date information or a copy of this disclosure, please call (205) 987-5572 to request up-to-date information and request a copy of our Form CRS. You may also visit www.Harbert.net for a copy of our Form CRS.