

**Form ADV Part 2A - Brochure**

**HANSEATIC**  
MANAGEMENT SERVICES

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Albuquerque, NM 87109**

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**May 26, 2020**

**This brochure provides information about the qualifications and business practices of Hanseatic Management Services, Inc. If you have any questions about the contents of this brochure, please contact us at 505-828-2824 or [info@hanseaticgroup.com](mailto:info@hanseaticgroup.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Hanseatic Management Services, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## 2. MATERIAL CHANGES

The filing of this ADV Part 2A (“brochure”) amends Hanseatic’s annual update brochure filed March 31, 2020.

Due to the COVID-19 pandemic, Hanseatic participated in the Paycheck Protection Program established by the CARES Act and implemented by the Small Business Administration with the support of the US Treasury Department. (See *Section 18, “Financial Information”*.)

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#### 4. ADVISORY BUSINESS

Hanseatic Management Services, Inc. (“Hanseatic”) was founded on June 9, 1995 and is currently owned by two employees: Russell T. Sanderson owns 51.32% and Brian R. Stangel owns 48.68%.

Hanseatic is in the business of providing investment advisory services by way of investment management, model portfolios, investment advice, and financial planning.

Hanseatic uses its own proprietary investment process to provide investment management services on a discretionary basis through separately managed accounts or through sub-advisory agreements to non-affiliated Registered Investment Advisors who utilize separately managed accounts or wrap fee programs. Hanseatic’s clients for investment management include a mix of corporate funds, family offices, fund of funds, registered investment advisory firms, small business clients and individual clients. Client accounts include qualified and non-qualified accounts. Hanseatic uses the following asset classes in its products suite: equities, fixed income, real estate, precious metals, and cash equivalents. Investments are made either directly into a security or through ETF’s and ADR’s, depending on the strategy.

For investment management, Hanseatic’s product suite includes: Domestic Equity Strategies (Large Cap Equity, All Cap Growth Equity, All Cap Growth Concentrated Equity, All Cap Tax Efficient Equity, Growth & Income Equity, Mid Cap Equity, and Small Cap Equity), Targeted Risk Strategies (Balanced Risk and Conservative Risk), Dynamic Strategies (Tactical Asset Allocation ranging from Growth to Conservative over 5 strategies), Non-US Equity Strategy (Latin America), and Cash Management Strategies (Treasure Bills).

Hanseatic also supplies model portfolios based on its own proprietary investment process on investment platforms designed to distribute investment products to registered investment advisors and their investment advisor representatives. Hanseatic supplies model portfolios on a non-discretionary basis without the ability to effect trading. Assets attributable to model portfolios are not included in Hanseatic’s regulatory assets under management calculations, but rather are calculated separately as assets under advisement.

With regard to investment management and model portfolios, Hanseatic uses its proprietary, specialized quantitative investment process to construct diversified portfolios that dynamically adapt to changing market environments while actively managing risk. The robust investment process is driven by a diverse team and has attracted top institutions as investors. (See Section 8, “Methods of Analysis, Investment Strategies, and Risk of Loss”)

Hanseatic provides investment advice services to client retirement savings accounts where investments are not directly managed with a Hanseatic product. Hanseatic advises on asset allocation, fund selection, market risk, performance, cost, and capital preservation for established choices within a client's retirement plan. A client does not have to maintain a separately managed account with Hanseatic (investment management services) to engage Hanseatic for its investment advice services. Hanseatic provides investment advice on a discretionary as well as non-discretionary basis. If appropriate and if in the best interest of the client, Hanseatic will advise a client to open a self-directed brokerage account in their retirement plan to gain access to additional investment choices. For self-directed brokerage accounts, Hanseatic recommends and is compensated by third parties for the sale of investment products. Hanseatic will disclose its solicitor agreement terms to clients prior to any final recommendation for self-directed brokerage accounts. Hanseatic will disclose any material conflicts of interest by the firm or any of its employees that could reasonably be expected to impair the rendering of unbiased and objective investment advice.

Lastly, Hanseatic provides single issue or comprehensive financial planning to clients. If an engagement is for comprehensive financial planning, Hanseatic's services include an analysis of a client's current investments. Separate written investment advice and/or investment management agreement(s) is/are executed based on a client's unique goals, circumstances, risk tolerance and risk capacity for ongoing services for investments. A client does not have to maintain a separately managed account with Hanseatic (investment management services) to engage Hanseatic for its financial planning services.

With regard to financial planning, Hanseatic provides comprehensive planning advice and primarily focuses on areas of cash flow management, debt management, investment planning, and educational, sabbatical and/or retirement funding. Hanseatic has a conflict of interest whenever it provides investment advice with comprehensive financial planning services. If appropriate after analysis, Hanseatic will recommend itself as the investment manager and recommend its investment products or will recommend itself as an investment advisor. Hanseatic utilizes client interviews, risk questionnaires, software analysis, and statement analysis of current investments to make investment recommendations. Hanseatic also utilizes a network of professionals for comprehensive financial planning and/or specific financial planning objectives. Hanseatic does not provide legal services for estate planning. Only with consent from a client will Hanseatic work with other professionals to assist with coordination and implementation of agreed upon strategies. Fees for services by other professionals are charged in addition to Hanseatic's fees and either billed directly from the other professional or by Hanseatic. Hanseatic will disclose any material conflicts of interest by the firm or any of its employees

that could reasonably be expected to impair the rendering of unbiased and objective planning advice.

Depending upon each client's unique circumstances, objectives, and preferences, Hanseatic tailors its services to the individual needs of its clients. Hanseatic requires a written agreement with each client outlining the scope of services. Investment management services, model portfolio services, investment advice services, and financial planning services all require distinct written agreements. When Hanseatic has discretion over an investment account, it manages each account in accordance with investment guidelines set by the client. Clients may impose restrictions on investing in certain securities or types of securities.

As of December 31, 2019, Hanseatic had \$240 million in assets under management, \$151 million of which were in discretionary accounts; \$88 were in non-discretionary accounts.

As of December 31, 2019, Hanseatic had \$400k in assets under advisement.

## 5. FEES AND COMPENSATION

Hanseatic charges separately for investment management, model portfolios, investment advice, and financial planning for transparency and objectivity purposes. Hanseatic's fee schedules for its services are outlined below.

### Investment Management Services Fees

Hanseatic's standard investment management fee schedules for institutional and individual clients are listed in the tables below. The actual fee schedule may be negotiated on a client-by-client basis and may differ from that stated.

#### Institutional Clients - Domestic and Non US Equity

	Large Cap	All Cap Growth	ACG Conc.	AC Tax Efficient
1-5MM	1.00%	1.00%	1.00%	1.00%
5-10MM	0.60%	0.65%	0.85%	0.85%
10-25MM	0.55%	0.60%	0.80%	0.80%
25-50MM	0.50%	0.55%	0.75%	0.75%
>50MM	0.45%	0.50%	0.70%	0.70%

	Mid Cap	Small Cap	Growth & Income	Latin America
1-5MM	1.00%	1.00%	1.00%	1.00%
5-10MM	0.75%	0.95%	0.60%	0.90%
10-25MM	0.70%	0.90%	0.55%	0.85%
25-50MM	0.65%	0.85%	0.50%	0.80%
>50MM	0.60%	0.80%	0.45%	0.75%

The investment management fee, payment timing and other terms for fund to fund accounts is determined by the agreement between the consultant and the client, then set forth by the agreement engaging Hanseatic. The terms are not negotiable by Hanseatic.

Institutional Clients – Targeted Risk (“TR”) & Dynamic (“D”) Strategies

	TR & D
1-5MM	1.00%
5-10MM	0.60%
10-25MM	0.55%
25-50MM	0.50%
>50MM	0.45%

Individual Clients – All Products

Individual client fee schedule is per separately managed account, i.e. Hanseatic does not aggregate accounts within the same household to determine tier level.

	All Products
0-2.5 MM	1.50%
2.5-5 MM	1.00%
> 5 MM	0.80%

The investment management fee for separately managed accounts is payable monthly, in arrears, at the beginning of each calendar month based on the average daily balance of assets under management (“AUM”) multiplied by 1/12th of the annual management fee indicated for the product outlined in schedule A of the written agreement. Hanseatic typically deducts fees by the 15th of the month for the previous month’s billable AUM. Fees will be pro-rated for the month in which the client first invests in the strategy or exits the product according to the average daily balance. Asset value shall mean the total account net asset value as computed by the custodian including cash, accrued interest, taxes and accrued income from pending cash dividends, rights and warrants with the custodian.

Payment of the investment management fee is made in the following way: the client gives prior authorization to the custodian that (a) authorizes Hanseatic to debit the account for the investment management fee up to a client-specified maximum amount, based on the account size and investment management fee to be charged, and (b) authorizes the custodian to pay Hanseatic directly no sooner than five (5) business days after the account statement is available at the custodian. The client is responsible for understanding and verifying the amount debited through the client’s monthly custodian statement.

Hanseatic's investment management clients may also pay custodial fees, administrative expenses, brokerage and other transaction costs. (See Section 12, "Brokerage Practices") Hanseatic does not accept payment of investment management fees in advance.

### **Model Portfolio Services Fees**

Hanseatic's standard model portfolio schedule for all products is listed in the table below. The actual fee schedule may be negotiated on a client-by-client basis and may differ from that stated.

	All Products
0-50 MM	0.50%
50-150 MM	0.40%
> 150 MM	0.30%

### **Investment Advice Services Fees**

Hanseatic's standard investment advice schedule is listed in the table below. The actual fee schedule may be negotiated on a client-by-client basis and may differ from that stated.

0-2.5 MM	0.75%
2.5-5 MM	0.65%
> 5 MM	0.50%

### **Financial Planning Services Fees**

Hanseatic offers a complementary, initial consultation for financial planning services. The consultation is a 30-60 minute session for potential clients to learn about Hanseatic and its services, discuss financial goals or concerns, and determine if formal financial planning is appropriate.

Hanseatic provides financial planning services only if mutually agreed upon. Prior to commencement of financial planning services, Hanseatic requires a written agreement that specifies the scope of the engagement, the duties of each party in the financial planning process, and the fee quote for the financial planning services.

Hanseatic offers a single issue planning option for those who need help or want a second opinion on a specific financial or investment issue. The single issue planning option includes an initial 30-60 minute data gathering/discussion session and a 30-60 minute follow up session with summary/recommendations. Hanseatic does not provide



implementation support for single issue planning. Base fee for the single issue planning option is \$300, but varies depending on complexity. Clients receive a fee quote prior to commencement of the single issue planning option. Half of the fee is due at the beginning of the engagement and the other half is due at the follow up session. The single issue planning session is limited in scope and is designed to address a client's most pressing financial issue. Single issue planning sessions are not designed to replace the benefit of more comprehensive financial and investment planning.

Hanseatic offers two comprehensive planning options for those who want guidance to reach overall financial goals: a time-based option and an on-going option. One option is the time-based option which includes a 30-60 minute data-gathering/discussion session, a 60-90 minute follow up session to discuss the financial plan and implementation strategies, and, at the client's request, up to 2 hours of consultations over the following 12 months from date of plan presentation (either face to face in Hanseatic's office, by email, by phone, or by video conference at client's discretion) on planning issues and/or implementation of recommendations. This option is suitable for highly self-motivated clients who desire a comprehensive plan deliverable in an expeditious timeframe. This option requires a deposit at the beginning of the engagement and the balance is due at presentation/completion of the plan. A subscription engagement is available after presentation/completion of the plan if the client requests additional implementation support.

The second comprehensive planning option is the on-going option. This option requires a six (6) month commitment where each element of the comprehensive plan is addressed through data-gathering/discussion sessions and recommendation sessions; however, there is an emphasis on implementation sessions and strategies. During the six (6) months, Hanseatic and the client will communicate via in-person, by email, by phone, or by video conference not less than 1 time per week and not more than 5 times per week to allow for completion of the comprehensive plan at the conclusion of the six (6) month period. This option is suitable for highly motivated clients who desire implementation support of a comprehensive plan. This option requires a deposit at the beginning of the engagement and a monthly payment at the end of each of the six months, beginning with the month the engagement is signed. A subscription engagement is available after the six (6) month period if the client requests additional implementation support.

Base fee for either comprehensive planning option is \$2500, but varies depending on complexity. Clients receive a fee quote prior to commencement of the comprehensive planning options.

Hanseatic offers a subscription financial planning option for those who seek an ongoing planning relationship to meet financial planning goals. Base fee for subscription planning option is \$100 per month, but varies depending upon complexity and time allotments.

Clients receive a fee quote prior to commencement of subscription planning option. Subscription financial planning option fees are due in advance and on the 1<sup>st</sup> of every month. Subscription financial planning fees are prorated based on the number of days in the month if other than 1<sup>st</sup> of the month start date. The subscription planning option may be cancelled by either party with a 30 day written notice.

Should a client request services that are outside the scope of contracted services, Hanseatic may elect to charge an hourly fee of \$250.00 for such work. Hourly work will be undertaken and fees will be incurred only with a client's prior authorization.

Payment of financial planning fees are made by cash or check.

## **6. PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT**

Hanseatic charges no performance-based fees on any of its accounts.

## **7. TYPES OF CLIENTS**

Hanseatic provides its services primarily to institutional clients, including but not limited to, insurance companies, investment consultants, large registered investment advisory firms, and corporations. Some of these client relationships are established through an Investment Manager/Sub-Advisor contract, where Hanseatic is the Sub-Advisor. Hanseatic also provides investment advisory services to individuals and small businesses.

Hanseatic's minimum account size for investment management is \$1,000,000 for institutional clients and \$100,000 for individual clients; however, on a client-by-client basis, Hanseatic may accept a smaller account size.

Hanseatic's minimum account size for model portfolio services is \$10,000,000; however, on a client-by-client basis, Hanseatic may accept a smaller account size.

Hanseatic has no minimum account size for investment advice services.

Hanseatic does not impose prerequisite requirements for financial planning services.

Regardless of client type or minimum account size, each client must execute a written agreement that governs Hanseatic's investment advisory relationship with the client.

## **8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS**

Hanseatic's investment process is highly disciplined and robust. At the core of our process is a proprietary, quantitative model that generates a Q Score. Our investment process is applicable and repeatable across market conditions, asset classes, sectors

and geographies, allowing us to efficiently and effectively construct and manage a mix of investment products.

The key driver of our investment team's buy and sell strategy is a dynamic, proprietary model that generates a Q Score for every security reflecting its performance potential. Hanseatic's research and development process behind the Q Score spans over two decades. The resulting investment process allows us to evaluate a universe of securities based on the benchmark our clients are interested in and assess each security's strength. The Q Score is a dynamic identifier of strong market performers. Using the model, each security is assigned a score from 1 to 9; the higher the score, the better reward/risk profile. Our investment team considers securities with a positive Q Score as a potential buy and securities with a Q Score of 0 are sold. Driven purely by quantitative analytics, this core part of our investment process is bias-free. The Q Score focuses our attention on the strongest individual securities regardless of market conditions, geographies and sectors. With the Q Score established and universe of securities narrowed significantly, our investment team then constructs a portfolio based on client requirements and a mix of drivers.

Recommendations in fixed income, ETF investments, and/or cash equivalents are based upon the professional investment judgement of the investment team. The investment team has worked together for over 25 years with combined market experience of almost 85 years. The results of the investment team's recommendations are not guaranteed.

Investing in securities involves risk of loss that clients should be prepared to bear. Hanseatic makes no representation that its investment program will be successful. The completeness of Hanseatic's investment program is determined by the written agreement with the client. Hanseatic's past performance is not a guarantee of future results.

Hanseatic's investment strategies are designed for investors with long term investment goals, as they involve substantial risks. The risks of Hanseatic's investment process include, but are not limited to, Hanseatic's skill in constructing portfolios and implementing the process, market risk, interest rate risk, inflation risk, and market capitalization risk. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Hanseatic's sell disciplines are the single factor determining portfolio turnover.

The Non US Equity product exposes investors to additional risks beyond risks associated with investing in developed markets. Emerging market risk includes significantly greater price volatility than developed markets, less liquidity, more government intervention in the economy, greater political uncertainty, including less certain tax policies, and less government supervision and regulation of securities markets and participants in those markets. Stock markets in many emerging market countries are relatively small,

expensive to trade in and risky. Foreigners are often limited in their ability to invest in, and withdraw assets from, these markets. In addition, these products expose investors to currency risks. The value of investments denominated in a currency other than US dollars is affected by changes in the US dollar in relation to the value of the foreign currency in which the investment is denominated. When the value of the US dollar falls in relation to the value of the foreign currency, then the value of the foreign investments rises. When the value of the US dollar rises, the value of foreign investments falls. Foreign currency exposure is unhedged.

## **9. DISCIPLINARY INFORMATION**

Hanseatic and its management personnel are not subject to any legal or disciplinary event (including criminal or civil actions in domestic or foreign courts and administrative proceedings by state, federal or foreign regulatory authorities) that is material to any current or potential client's evaluation of Hanseatic's advisory business or to the integrity of Hanseatic's management. Nor have Hanseatic or its management personnel been subject to such events in the past.

## **10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither Hanseatic nor any of its management personnel have any relationships or arrangements that pose material conflicts of interest to the business of Hanseatic.

## **11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

Hanseatic has adopted a code of ethics, contained within its SEC Compliance Manual (the "Manual"), which includes policies addressing business ethics, personal trading by employees, insider trading, ongoing ethics training, anti-money laundering, anti-fraud, professionalism in the workplace, and privacy and control of client information. A copy of the Hanseatic Manual is available upon request.

Hanseatic's personal trading policies apply to Hanseatic, its employees and their immediate family members (all "Access Persons"). Personal trading policies cover any purchases and sales of equities, bonds, ETF's, options on equities, or options on any other publicly traded commodity or security, commodity futures contract, derivative contract and fixed income securities, not just to securities and other assets held in client portfolios managed by Hanseatic.

In the event any of Hanseatic's Access Persons has a material financial interest in a security that is in a client portfolio managed by Hanseatic, Hanseatic's board will determine on a case-by-case basis what action should be taken to avoid any conflict that might disadvantage a Hanseatic client.

It is Hanseatic's policy to conditionally allow personal trading accounts by Access Persons. If an Access Person wishes to trade in individual equities, bonds, or ETF's, the personal trading account must be held at a Hanseatic approved custodian and must be contained within one of Hanseatic's GIPS®-defined composites, if appropriate, to be traded alongside client accounts. For example, Hanseatic trades its own account which is comprised of an employee 401K account within the All Cap Growth Equity composite. As described in Section 12, "Brokerage Practices", Hanseatic aggregates orders for execution on a pre-allocated pro rata basis to help ensure fair and equitable treatment across various accounts.

New hires who hold individual equities, bonds, or ETF's prior to joining Hanseatic must obtain approval by Hanseatic to continue to hold and then pre-approval from the chief compliance officer before a sale. New hires will encounter a 24 hour black out period of the equity, bond, or ETF if it is traded by Hanseatic for a client account. New hires may acquire new equities, bonds, or ETF's or additional shares only by conditional trading policy described above.

If an Access Person wishes to trade in futures and options trading is allowed without pre-approval.

Hanseatic's Access Persons who engage in personal trading must provide Hanseatic with an initial holding report upon becoming an Access Person, quarterly statements of their trading, and an annual holding report.

Adhering to the policies incorporated into Hanseatic's Manual is a condition of employment at Hanseatic. If a Hanseatic employee is found to be in breach of Hanseatic's policies, then Hanseatic's CCO or board will take action ranging from a verbal warning to dismissal, depending on the circumstances of the breach.

## **12. BROKERAGE PRACTICES**

In selecting and suggesting broker-dealers ("brokers") for client transactions, Hanseatic seeks to obtain best execution considering all relevant factors, including, among other things, (i) historical net prices (after any commissions, markups, markdowns and other transaction-related compensation); (ii) the reputation of the broker in the financial community; (iii) past business experience, if any, with the broker; (iv) the range and quality of ancillary services provided by the broker; (v) the broker's ability to execute in a timely, efficient, and error-free manner; (vi) the expertise of the broker's registered representatives; (vii) the broker's ability to execute transactions in all of the markets in which Hanseatic offers products; and (viii) any client-specific requirements, e.g. a ceiling on brokerage costs. Hanseatic determines the reasonableness of the broker's commissions based on (i) Hanseatic's assessment of the broker's performance in the

context of the foregoing seven factors and (ii) whether the broker commissions are reasonable in comparison to the charges of comparable brokers.

Hanseatic accepts no “soft dollar” benefits (i.e., research or other products or services from brokers who execute client transactions) nor does it direct brokerage as a reward for client referrals.

Clients directing brokerage to a particular broker may incur higher commission and other transaction costs than clients who authorize Hanseatic to select the broker. For example, if a Hanseatic client directs Hanseatic to place its trades with a certain broker, Hanseatic might be limited in its ability to negotiate commissions or volume discounts.

In the interest of best execution and to help ensure a fair and equitable basis for allocating trades among various clients, where possible and permitted by the client, Hanseatic aggregates orders for execution. Trades within an order are typically pre-allocated pro rata among client accounts in accordance with client guidelines. If the order is not completely filled, executed trades are allocated pro rata in accordance with the pre-allocations. If more than one trade is executed, the trades are booked to client accounts at an average price and commission rate. When average price fills are not possible, brokers are rotated to ensure equal treatment of accounts.

### **13. REVIEW OF ACCOUNTS**

All security positions held by Hanseatic’s clients are reviewed daily by at least two members of Hanseatic’s investment team. Additionally, at least two team members must review each final decision prior to execution within any portfolio.

At least quarterly, Hanseatic or custodian furnishes to clients written statements of gains and/or losses. Hanseatic also supplies any further analyses required by the client as outlined in the written agreement. At a minimum, each client receives an overview of performance and a basic attribution for the period relative to the specified benchmark and an outlook of the upcoming quarter.

### **14. CLIENT REFERRALS AND OTHER COMPENSATION**

Certain employees of Hanseatic receive compensation in addition to their salary based upon a predetermined percentage of net profits as determined by the owners.

Hanseatic does not pay any referral fees to unaffiliated persons or firms (“Solicitors”) to introduce clients to the firm.

As discussed in Section 4, for investment advice of self-directed brokerage accounts, Hanseatic recommends and is compensated by third parties for the sale of investment products. Hanseatic will disclose its solicitor agreement terms to clients prior to any final recommendation for self-directed brokerage accounts.

## **15. CUSTODY**

Hanseatic does not take physical custody nor act as a custodian of client funds or securities. Clients receive account statements directly from their qualified custodians. Hanseatic encourages clients to carefully review all custodian statements and to compare those statements with any statements received from Hanseatic.

Hanseatic is deemed to have custody of client assets by the SEC if it has the authority to withdraw its management fees from a client's account. Hanseatic follows the SEC's rules regarding this 'deemed' custody.

## **16. INVESTMENT DISCRETION**

Hanseatic generally has discretionary authority to determine, without obtaining client consent, the securities to be bought or sold, the amount of such securities, the broker to be used, and the commission to be paid. This authority is given in the written agreement with the client. Any exception to this authority is dictated on a case-by-case basis per the written agreement. In such cases, the client may be put at a disadvantage in terms of securities selection and execution of trades.

## **17. VOTING CLIENT SECURITIES**

Hanseatic votes proxies only if required under the written agreement with the client. If required under the written agreement, Hanseatic votes according to the client's proxy voting guidelines. Absent client guidelines, Hanseatic votes to maximize long-term shareholder value, to maintain shareholder control, and to generally approve routine corporate matters. Hanseatic may evaluate some issues on a case-by-case basis, e.g., stock option and bonus plans, corporate combinations and divestments, shareholder proposals, and social/political proposals. Conflicts may arise with respect to voting, especially in cases where a client is the issuer of the securities being voted. Hanseatic's board will monitor events to identify any material conflicts and, if such conflicts arise, determine what action, if any, should be taken. Hanseatic utilizes Institutional Shareholder Services, Inc. ("ISS") as its proxy service. A copy of Hanseatic's proxy voting policies, including its current standing instructions with ISS, is available upon request. Specific proxy votes cast by Hanseatic are available upon request to clients who require Hanseatic to vote their securities.

Clients who do not require Hanseatic to vote proxies receive their proxies directly from their custodian. Clients may contact Hanseatic with an occasional question on a specific proxy; however, Hanseatic's guidance is to maximize long-term shareholder value, to maintain shareholder control, and to generally approve routine corporate matters.

## **18. FINANCIAL INFORMATION**

Hanseatic has not been the subject of a bankruptcy petition at any time.

Hanseatic participated in the Paycheck Protection Program implemented by the Small Business Administration with the support of the US Treasury Department in conjunction with the relief afforded from the CARES Act. Hanseatic determined, at the time of its application for the loan, that the results of COVID-19, including the many "shelter in place" orders and the severe volatility in the markets, would result in a marked decrease in revenue. Without the PPP loan in the approximate amount of \$83k, Hanseatic would have had to consider laying off newly acquired staff or reducing salaries until the situation became more stable. Our current business continuity plan allows Hanseatic to continue to provide services to our clients without interruption; however, the PPP loan allows us to maintain our current staff at pre-COVID-19 levels. It is Hanseatic's full intention to either repay the loan or meet the conditions for forgiveness.

Hanseatic does not require nor solicit prepayment of fees for investment management, model portfolio, or investment advice services and does not require nor solicit prepayment of fees for financial planning services in excess of \$1200.



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**March 31, 2020**

**This brochure supplement provides information about Harry “Ed” Meihaus that supplements Hanseatic Management Services, Inc.’s brochure. You should have received a copy of that brochure. Please contact Amy Stangel/Chief Compliance Officer at 505-828-2824 or [info@hanseaticgroup.com](mailto:info@hanseaticgroup.com) if you did not receive Hanseatic Management Services, Inc.’s brochure or if you have any questions about the contents of this supplement.**

## **Educational Background & Business Experience**

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### **Harry “Ed” Meihaus Born 1946**

Mr. Meihaus is the architect of Hanseatic’s proprietary, quantitative investment framework, primarily the set of disciplines that underlie Hanseatic’s equity products. Mr. Meihaus oversees the investment philosophy and process as well as research and development.

### **Formal Education**

MBA, University of Memphis  
BSME, University of Louisville

### **Business Background**

Mr. Meihaus is the Chief Investment Officer. Mr. Meihaus joined Hanseatic in 1995, and joined predecessor firm in 1985.

## **Disciplinary Information**

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Mr. Meihaus has no disciplinary history.

## **Other Business Activities**

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Mr. Meihaus has no outside business activities to disclose.

## **Additional Compensation**

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Mr. Meihaus has no additional compensation to disclose.

## **Supervision**

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Mr. Meihaus is supervised by Hanseatic’s Board, whose members can be contacted at 505-828-2824.

**Russell T. Sanderson**  
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**March 31, 2020**

**This brochure supplement provides information about Russell T. Sanderson that supplements Hanseatic Management Services, Inc.'s brochure. You should have received a copy of that brochure. Please contact Amy Stangel/Chief Compliance Officer at 505-828-2824 or [info@hanseaticgroup.com](mailto:info@hanseaticgroup.com) if you did not receive Hanseatic Management Services, Inc.'s brochure or if you have any questions about the contents of this supplement.**

## **Educational Background & Business Experience**

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### **Russell T. Sanderson Born 1963**

Mr. Sanderson provides day-to-day oversight of the business: all revenue generating, cost reduction, and risk mitigation objectives. Mr. Sanderson maintains the primary technical role in the oversight and application of the quantitative investment framework which is used to manage Hanseatic's equity products. Over the years Mr. Sanderson worked in all major aspects of the firm's operations, focusing primarily on systems development and IT.

### **Formal Education**

BUS, University of New Mexico

### **Business Background**

Mr. Sanderson is the Chief Executive Officer. Mr. Sanderson joined Hanseatic in 1995, and joined predecessor firm in 1989.

## **Disciplinary Information**

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Mr. Sanderson has no disciplinary history.

## **Other Business Activities**

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Mr. Sanderson has no outside business activities to disclose.

## **Additional Compensation**

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Mr. Sanderson has no additional compensation to disclose.

## **Supervision**

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Mr. Sanderson is supervised by Hanseatic's Board, whose members can be contacted at 505-828-2824.

**Amy M. Stangel, IACCP®**  
**Candidate for CFP® Certification**  
**5600 Wyoming NE, Suite 220**  
**Albuquerque, NM 87109**  
**505-828-2824**

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MANAGEMENT SERVICES

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**March 31, 2020**

**This brochure supplement provides information about Amy M. Stangel that supplements Hanseatic Management Services, Inc.'s brochure. You should have received a copy of that brochure. Please contact Amy Stangel/Chief Compliance Officer at 505-828-2824 or [info@hanseaticgroup.com](mailto:info@hanseaticgroup.com) if you did not receive Hanseatic Management Services, Inc.'s brochure or if you have any questions about the contents of this supplement.**

**Additional information about Amy M. Stangel is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Educational Background & Business Experience**

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### **Amy M. Stangel, IACCP® and Candidate for CFP® Certification Born 1970**

Ms. Stangel oversees all back office, compliance, accounting and operations and has 20 years of work experience in those arenas.

#### **Formal Education**

MBA, University of New Mexico, Anderson School of Management (Accounting)  
BA, University of Wisconsin-Milwaukee

#### **Business Background**

Ms. Stangel is the Chief Compliance Officer and a Financial Planner. She joined Hanseatic in 2012.

#### **Description of Professional Designations**

Ms. Stangel obtained her IACCP® (Investment Adviser Certified Compliance Professional) designation in December 2013 after (i) completing a two-year educational program, co-sponsored by National Regulatory Services (NRS) and the Investment Adviser Association (IAA), (ii) passing a certifying exam, (iii) meeting the two year work experience requirements, (iv) agreeing to abide by the NRS IACCP® Code of Ethics and Professional Standards of Conduct, and (v) agreeing to complete IACCP® continuing education requirements.

Ms. Stangel holds a Series 65 license. The Series 65 is a “criterion based” minimum competency examination. The exam is administered to professionals within the investment industry. Criterion based means that a minimum passing criterion is established. The Series 65, known as The Uniform Investment Adviser Law Exam, is designed to test an individual’s knowledge and ability to advise clients in the area of investing and discuss general financial concepts.

#### **Professional Development**

Ms. Stangel completed a CFP Board registered education program as part of the requirements to obtain the Certified Financial Planner® certification. Successful completion of the education program allowed Ms. Stangel to sit for the CFP® exam. She received a preliminary pass notification on March 16, 2020 and is awaiting final review results from the CFP® Board. CFP® certification requirements include: (a) completion of college-level program of study in personal financial planning, or an accepted equivalent, (b) passing the CFP® certification examination, (c) documented 6,000 hours of personal financial planning work experience or equivalent, and (d) agreement to adhere to CFP® Board’s Standards of Professional Conduct.

#### **Disciplinary Information**

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Ms. Stangel has no disciplinary history.

## **Other Business Activities**

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Ms. Stangel has no outside business activities to disclose.

## **Additional Compensation**

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Ms. Stangel has no additional compensation to disclose.

## **Supervision**

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Ms. Stangel is supervised by Hanseatic's Board, whose members can be contacted at 505-828-2824.

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**March 31, 2020**

**This brochure supplement provides information about Brian R. Stangel that supplements Hanseatic Management Services, Inc.'s brochure. You should have received a copy of that brochure. Please contact Amy Stangel/Chief Compliance Officer at 505-828-2824 or [info@hanseaticgroup.com](mailto:info@hanseaticgroup.com) if you did not receive Hanseatic Management Services, Inc.'s brochure or if you have any questions about the contents of this supplement.**

**Additional information about Brian R. Stangel is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**



## **Educational Background & Business Experience**

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### **Brian R. Stangel Born 1970**

Mr. Stangel works closely with Mr. Meihaus overseeing all composites and the investment process. Mr. Stangel also works closely with marketing, client services and business development. Over the years, Mr. Stangel developed knowledge and experience in each of the major operational and support areas of the business, including trading, compliance and performance accounting.

### **Formal Education**

BA, University Wisconsin-Milwaukee

### **Business Background**

Mr. Stangel is the Deputy Chief Investment Officer. Mr. Stangel joined Hanseatic in 1995, and joined predecessor firm in 1993.

### **Description of Professional Designations**

Mr. Stangel holds a Series 65 license. The Series 65 is a “criterion based” minimum competency examination. The exam is administered to professionals within the investment industry. Criterion based means that a minimum passing criterion is established. The Series 65, known as The Uniform Investment Adviser Law Exam, is designed to test an individual’s knowledge and ability to advise clients in the area of investing and discuss general financial concepts.

### **Disciplinary Information**

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Mr. Stangel has no disciplinary history.

### **Other Business Activities**

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Mr. Stangel has no outside business activities to disclose.

### **Additional Compensation**

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Mr. Stangel has no additional compensation to disclose.

### **Supervision**

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Mr. Stangel is supervised by Hanseatic’s Board, whose members can be contacted at 505-828-2824.