

Uniform Application for Investment Adviser Registration

Part II - Page 1

OMB APPROVAL

OMB Number: 3235-0049

Expires: February 28, 2011

Estimated average burden hours per
response . . . 4.07

Name of Investment Adviser: Haberkorn Financial Services, Inc				
Address: (Number and Street)	(City)	(State)	(Zip Code)	Area Code Telephone Number
357 McCaslin Blvd, Suite 200	Louisville	CO	80027	303 926-4900

**This part of Form ADV gives information about the investment adviser and its business for the use of clients.
The information has not been approved or verified by any governmental authority.**

Table of Contents

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees	2
2	Types of Clients.	2
3	Types of Investments.	3
4	Methods of Analysis, Sources of Information and Investment Strategies.	3
5	Education and Business Standards.	4
6	Education and Business Background.	4
7	Other Business Activities.	4
8	Other Financial Industry Activities or Affiliations.	4
9	Participation or Interest in Client Transactions.	5
10	Conditions for Managing Accounts.	5
11	Review of Accounts.	5
12	Investment or Brokerage Discretion.	6
13	Additional Compensation.	6
14	Balance Sheet.	6
	Continuation Sheet.	Schedule F
	Balance Sheet, if required.	Schedule G

(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential Persons who are not to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Applicant: Haberkorn Financial Services, Inc	SEC File Number: 801- 6 4 2 0 9	Date: 0 2 / 2 6 / 0 9
--	------------------------------------	--------------------------

1. A. Advisory Services and Fees. (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)

Applicant:

- | | |
|---|-----------|
| <input checked="" type="checkbox"/> (1) Provides investment supervisory services | 9 0 % |
| <input type="checkbox"/> (2) Manages investment advisory accounts not involving investment supervisory services | _____ % |
| <input checked="" type="checkbox"/> (3) Furnishes investment advice through consultations not included in either service described above | 5 _____ % |
| <input type="checkbox"/> (4) Issues periodicals about securities by subscription | _____ % |
| <input type="checkbox"/> (5) Issues special reports about securities not included in any service described above | _____ % |
| <input type="checkbox"/> (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which client may use to evaluate securities | _____ % |
| <input checked="" type="checkbox"/> (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities | 5 _____ % |
| <input type="checkbox"/> (8) Provides a timing service | _____ % |
| <input type="checkbox"/> (9) Furnishes advice about securities in any manner not described above | _____ % |

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

Yes No

B. Does applicant call any of the services it checked above financial planning or some similar term?

☐ ☒

C. Applicant offers investment advisory services for: (check all that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> (1) A percentage of assets under management | <input type="checkbox"/> (4) Subscription fees |
| <input checked="" type="checkbox"/> (2) Hourly charges | <input type="checkbox"/> (5) Commissions |
| <input type="checkbox"/> (3) Fixed fees (not including subscription fees) | <input type="checkbox"/> (6) Other |

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. Types of Clients -- Applicant generally provides investment advice to: (check those that apply)

- | | |
|--|---|
| <input checked="" type="checkbox"/> A. Individuals | <input checked="" type="checkbox"/> E. Trusts, estates, or charitable organizations |
| <input type="checkbox"/> B. Banks or thrift institutions | <input type="checkbox"/> F. Corporations or business entities other than those listed above |
| <input type="checkbox"/> C. Investment companies | <input type="checkbox"/> G. Other (describe on Schedule F) |
| <input type="checkbox"/> D. Pension and profit sharing plans | |

Applicant: Haberkorn Financial Services, Inc	SEC File Number: 801- 6 4 2 0 9	Date: 0 2 / 2 6 / 0 9
--	------------------------------------	--------------------------

3. Types of Investments Applicant offers advice on the following: (check those that apply)

- | | |
|---|---|
| <p>A. Equity securities</p> <p><input type="radio"/> (1) exchange-listed securities</p> <p><input type="radio"/> (2) securities traded over-the-counter</p> <p><input type="radio"/> (3) foreign issuers</p> <p><input type="radio"/> B. Warrants</p> <p><input type="radio"/> C. Corporate debt securities
(other than commercial paper)</p> <p><input type="radio"/> D. Commercial paper</p> <p><input type="radio"/> E. Certificates of deposit</p> <p><input type="radio"/> F. Municipal securities</p> <p>G. Investment company securities:</p> <p><input type="radio"/> (1) variable life insurance</p> <p><input type="radio"/> (2) variable annuities</p> <p><input type="radio"/> (3) mutual fund shares</p> | <p><input type="radio"/> H. United States governmental securities</p> <p>I. Options contracts on:</p> <p><input type="radio"/> (1) securities</p> <p><input type="radio"/> (2) commodities</p> <p>J. Futures contracts on:</p> <p><input type="radio"/> (1) tangibles</p> <p><input type="radio"/> (2) intangibles</p> <p>K. Interests in partnerships investing in:</p> <p><input type="radio"/> (1) real estate</p> <p><input type="radio"/> (2) oil and gas interests</p> <p><input type="radio"/> (3) other (explain on Schedule F)</p> <p><input type="radio"/> L. Other (explain on Schedule F)</p> |
|---|---|

4. Methods of Analysis, Sources of Information, and Investment Strategies.

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---------------------------------------|---|
| <input type="radio"/> (1) Charting | <input type="radio"/> (4) Cyclical |
| <input type="radio"/> (2) Fundamental | <input type="radio"/> (5) Other (explain on Schedule F) |
| <input type="radio"/> (3) Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| <input type="radio"/> (1) Financial newspapers and magazines | <input type="radio"/> (5) Timing services |
| <input type="radio"/> (2) Inspections of corporate activities | <input type="radio"/> (6) Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| <input type="radio"/> (3) Research materials prepared by others | <input type="radio"/> (7) Company press releases |
| <input type="radio"/> (4) Corporate rating services | <input type="radio"/> (8) Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|---|---|
| <input type="radio"/> (1) Long term purchases (securities held at least a year) | <input type="radio"/> (5) Margin transactions |
| <input type="radio"/> (2) Short term purchases (securities sold within a year) | <input type="radio"/> (6) Option writing, including covered options, uncovered options, or spreading strategies |
| <input type="radio"/> (3) Trading (securities sold within 30 days) | <input type="radio"/> (7) Other (explain on Schedule F) |
| <input type="radio"/> (4) Short sales | |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

5. Education and Business Standards.

Yes No

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?.....

☒ ☐

(If yes, describe these standards on Schedule F.)

6. Education and Business Background.

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- | | |
|-----------------|--|
| • name | • formal education after high school |
| • year of birth | • business background for the preceding five years |

7. Other Business Activities. (check those that apply)

- ☒ A. Applicant is actively engaged in a business other than giving investment advice.
- ☒ B. Applicant sells products or services other than investment advice to clients.
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|---|---|
| <input type="radio"/> (1) broker-dealer | <input type="radio"/> (7) accounting firm |
| <input type="radio"/> (2) investment company | <input type="radio"/> (8) law firm |
| <input type="radio"/> (3) other investment adviser | <input type="radio"/> (9) insurance company or agency |
| <input type="radio"/> (4) financial planning firm | <input type="radio"/> (10) pension consultant |
| <input type="radio"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant | <input type="radio"/> (11) real estate broker or dealer |
| <input type="radio"/> (6) banking or thrift institution | <input type="radio"/> (12) entity that creates or packages limited partnerships |

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

Yes No

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?...

☐ ☒

(If yes, describe on Schedule F the partnerships and what they invest in.)

Applicant: Haberkorn Financial Services, Inc	SEC File Number: 801- 6 4 2 0 9	Date: 0 2 / 2 6 / 0 9
--	------------------------------------	--------------------------

9. Participation of Interest in Client Transactions.

Applicant or a related person: (check those that apply)

- ☒ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☒ B. As broker or agent effects securities transactions for compensation for any client.
- ☒ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☒ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

- | | | |
|--|-------------------------------------|--------------------------|
| 10. Conditions for Managing Accounts. Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services <i>and</i> impose a minimum dollar value of assets or other conditions for starting or maintaining an account? | Yes | No |
| | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

(If yes, describe on Schedule F.)

- 11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggers factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

Accounts are reviewed as often as necessary, as market conditions warrant, by Dennis J Haberkorn, President, but no less frequently than quarterly. Reviews of accounts include examination of account positions relative to account objectives.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

The broker-dealer with whom each account is placed furnishes each client with a monthly report detailing the investment positions held in the client's account, along with account transactions for that month. Clients also typically receive quarterly reports prepared by the Adviser. Quarterly reports generally include investment return, holdings, and asset allocation information.

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | | |
|--|-----------------------|-----------------------|
| (1) securities to be bought or sold? | Yes | No |
| | <input type="radio"/> | <input type="radio"/> |
| (2) amount of the securities to be bought or sold? | Yes | No |
| | <input type="radio"/> | <input type="radio"/> |
| (3) broker or dealer to be used? | Yes | No |
| | <input type="radio"/> | <input type="radio"/> |
| (4) commission rates paid? | Yes | No |
| | <input type="radio"/> | <input type="radio"/> |

B. Does applicant or a related person suggest brokers to clients? ☐ Yes ☐ No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commission higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for products and research services received.

13. Additional Compensation.

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | | |
|---|-----------------------|-----------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | Yes | No |
| | <input type="radio"/> | <input type="radio"/> |
| B. directly or indirectly compensates any person for client referrals? | Yes | No |
| | <input type="radio"/> | <input type="radio"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- | | | |
|--|-----------------------|-----------------------|
| Has applicant provided a Schedule G balance sheet? | Yes | No |
| | <input type="radio"/> | <input type="radio"/> |

Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1).

**Schedule F of
Form ADV
Continuation Sheet for Form ADV
Part II**

Applicant: Haberkorn Financial Services, Inc	SEC File Number: 801- 6 4 2 0 9	Date: 0 2 / 2 6 / 0 9
--	--	------------------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: Haberkorn Financial Services, Inc	IRS Empl. Ident. No.: 84-1521121
---	--

Item of Form (identify)	Answer
ID	<p><u>Advisory Services And Fees</u></p> <p>Services Provided: Haberkorn Financial Services, Inc. (HFS) provides portfolio management services to institutional and individual investors on a discretionary and non-discretionary basis. HFS focuses on equity securities, debt securities, exchange-traded funds, and regulated investment companies (mutual funds) in the management of portfolios. Under certain circumstances and for certain clients HFS provides advice and services regarding the financing of securities positions and for accounting and tax matters. All securities trades are effected through non-affiliated broker-dealers, primarily the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, whom HFS uses on a near-exclusive basis.</p> <p>Fee Schedule: Each client is generally charged an individually negotiated fee, calculated as a percentage of account equity. Generally, HFS's fee does not exceed one percent(1%) per annum multiplied by account equity. For certain accounts, fees may be charged under an hourly basis, not to exceed \$250 per hour. In addition to HFS's fee, each client bears the cost of any commissions, mark-ups or other charges assessed by broker-dealers or mutual funds in connection with the client's securities trades and positions.</p> <p>When Compensation Payable: Fees calculated as a percentage of account equity are payable quarterly in arrears. Fees charged under an hourly basis are generally payable monthly in arrears.</p>
3L	<p>Types Of Investments: In addition to the types of investments listed, HFS provides advice regarding collateralized mortgage obligations & asset-backed securities.</p>
5	<p>Education And Business Standards: HFS requires individuals involved in determining or giving investment advice to clients to possess quantitative and qualitative skills and knowledge in the areas of investment management, finance and securities trading, together with an understanding of economic fundamentals and the operation of financial markets generally. This must be demonstrated by appropriate college and/or post-graduate study and a minimum of five years significant business or academic experience. Such individuals must also have passed any relevant examinations required by a regulatory authority.</p>
6	<p><u>Education And Business Background</u></p> <p>Dennis J. Haberkorn: Mr. Haberkorn was born in 1957. He earned a Bachelor of Arts degree in accounting from Loras College in 1979, graduating cum laude, and a Master of Science degree in taxation from the University of Colorado in 1989. An experienced certified public accountant, Mr. Haberkorn serves as President of Haberkorn Financial Services, Inc, a position held since November 1999. From August 1998 through December 1999, Mr. Haberkorn served as President and Chief Financial Officer of Colorado Capital Markets, Inc., an investment advisory firm.</p>
7A and 7B	<p>Other Business Activities: As noted above, under certain circumstances, HFS provides tax/accounting advice and services to select clients. Generally, these activities do not require more than 35% of HFS's professional staff's time on an annualized basis.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 1

**Schedule F of
Form ADV
Continuation Sheet for Form ADV
Part II**

Applicant: Haberkorn Financial Services, Inc	SEC File Number: 801- 6 4 2 0 9	Date: 0 2 / 2 6 / 0 9
--	--	------------------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: Haberkorn Financial Services, Inc	IRS Empl. Ident. No.: 84-1521121
---	--

Item of Form (identify)	Answer
9E	<p>Participation Or Interest In Client Transactions: HFS may recommend or effect the purchase or sale of securities in which its employees directly or indirectly have a position or interest. Personal transactions in securities by the employees of HFS are subject to the restrictions and procedures described in its Code of Ethics. This Code of Ethics is designed to comply with Rule 204A-1 under the Investment Adviser's Act of 1940. The Code, along with other written policies of HFS, establishes procedures that are designed to (a) prevent employees from trading securities based upon material inside information in the possession of such employee and to (b) ensure that employees of HFS avoid actual or potential conflicts of interest or abuse of their positions of trust and responsibility that could occur through such activities. Employees are required to report their securities transactions quarterly, and such transactions are subject to review by the Chief Compliance Officer of HFS.</p> <p>We will provide a copy of HFS's Code of Ethics to any client or prospective client upon request.</p> <p>"Chinese Wall" Policy: HFS and its director, officer, or employees may come into possession from time to time of material non-public and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, HFS and its director, officer, or employees are prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a client of HFS.</p>
12	<p><u>Investment Or Brokerage Discretion</u></p> <p>Depending upon the terms of the agreement that HFS has entered into with each client for whom it provides discretionary management, HFS may be conferred with discretionary authority to make the following determinations without obtaining consent before a transaction is effected: Which securities are to be bought and sold, the total amount of the securities to be bought or sold, and the broker-dealer through whom securities are to be bought or sold. HFS is currently utilizing Schwab almost exclusively as the broker-dealer for custody of client accounts and where securities are bought or sold. Commission rates at which securities transactions for client accounts are effected are determined by the broker-dealer, though at times HFS is able to negotiate more favorable rates for the client's benefit. In all circumstances the client retains the authority and responsibility to vote proxies solicited by or with respect to issuers of securities held in a client account.</p> <p>In arranging for the purchase and sale of clients' securities, HFS takes various factors into consideration. These factors may include, for example, legal restrictions such as those imposed under the securities laws, and any client-imposed restrictions. Within these constraints, HFS employs or deals with broker-dealers as may, in its judgment, implement the policy of obtaining best execution (i.e. prompt and reliable execution at the most favorable prices obtainable under the prevailing market conditions) with respect to the accounts' portfolio transactions.</p> <p>In determining the abilities of a broker-dealer to obtain best execution of transactions, HFS considers all relevant factors, including the execution capabilities required by the transaction; the ability and willingness of the broker-dealer to facilitate the accounts' transactions by participating therein for its own account; the importance to the account of speed, efficiency, and confidentiality; the broker-</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 2

**Schedule F of
Form ADV
Continuation Sheet for Form ADV
Part II**

Applicant: Haberkorn Financial Services, Inc	SEC File Number: 801- 6 4 2 0 9	Date: 0 2 / 2 6 / 0 9
--	--	------------------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: Haberkorn Financial Services, Inc	IRS Empl. Ident. No.: 84-1521121
---	--

Item of Form (identify)	Answer
12 and 13A	<p>dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold/ the reputation and perceived soundness of the broker-dealer; as well as other matters relevant to the selection of a broker-dealer for portfolio transactions for any account.</p> <p>HFS does not adhere to any rigid formulas in making the selection of the applicable broker-dealer for portfolio transactions, but weighs a combination of the preceding factors.</p> <p>A client may direct that HFS use a particular broker-dealer to execute transactions for its account under such terms and arrangements as the client may negotiate with the particular broker-dealer. However, where the use of a particular broker-dealer is so directed, HFS may not be in a position to freely negotiate commission rates or spreads, or to select broker-dealers on the basis of best execution. Additionally, transactions for which HFS is directed to use a particular broker-dealer may not be commingled or "batched" for purposes of execution with orders for the same securities for future accounts managed by HFS. Accordingly, the direction by a client of a particular broker-dealer to execute transactions for his/her or its account may result in higher commissions, greater spreads, or less favorable net prices that might be the case if HFS were empowered to freely negotiate commission rates or spreads, or to select broker-dealers on the basis of best execution.</p> <p>HFS has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular transaction or to select any broker-dealer on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible broker-dealers and to minimize the expense incurred for effecting transactions to the extent consistent with the interest and policies of the accounts. Although HFS generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker-dealer involved and thereby entail higher commissions of their equivalents that would be the case with other transactions requiring more routine services. Transactions will generally be completed independently.</p> <p>HFS may require that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab) to maintain custody of clients' assets and to effect trades for their accounts. Although HFS may require that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. HFS is independently owned and operated and not affiliated with Schwab.</p> <p>Schwab provides HFS with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. These services are not otherwise contingent upon the advisor committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 3

**Schedule F of
Form ADV
Continuation Sheet for Form ADV
Part II**

Applicant: Haberkorn Financial Services, Inc	SEC File Number: 801- 6 4 2 0 9	Date: 0 2 / 2 6 / 0 9
--	--	------------------------------

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Form ADV: Haberkorn Financial Services, Inc	IRS Empl. Ident. No.: 84-1521121
---	--

Item of Form (identify)	Answer
	<p>For HFS's client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.</p> <p>Schwab Institutional also makes available to HFS other products and services that benefit HFS but may not directly benefit its clients' accounts. Many of these products and services may be used to service all or some substantial number of HFS accounts. Schwab's products and services that assist HFS in managing and administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution; (iii) provide research, pricing and other market data; (iv) facilitate payment of HFS's fees from clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.</p> <p>Schwab Institutional also makes available to HFS other services intended to help it manage and further develop its business enterprise. These services may include: (i) compliance, legal and business consulting; (ii) publications and conferences on practice management and business succession; and (iii) access to employee benefits providers, human capital consultants and insurance providers. Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to HFS. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or part of the fees of a third-party providing these services to HFS. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of HFS personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, HFS may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors it considers and not solely the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.</p>

Complete amended pages in full, circle amended items and file with execution page (page 1). PAGE 4