

Form ADV, Part 2A: Firm Brochure

Harman Investment Advisors Incorporated
(Harman Investment Advisors)

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Date of Brochure

(Information as of December 31, 2010)

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This brochure provides information about the qualifications and business practices of Harman Investment Advisors Incorporated. If you have any questions about the contents of this brochure, please contact us at (312) 364-9490 and / or by email at धारman@4harman.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 Harman Investment Advisors Incorporated also is available on the SEC's website at www.adviserinfo.sec.gov.

You can search for us by Firm Name, Firm IARD / CRD Number (122641), or Firm SEC Number (801-65036).

Item 2 Material Changes

The SEC adopted “Amendments to Form ADV” on July 28, 2010. The amendments require “us to provide new and prospective clients with a brochure and brochure supplements written in plain English.”

This Firm Brochure is dated March 25, 2011. This Firm Brochure, commonly referred to as our “disclosure document,” is substantively different than the Form ADV, Part 2 provided prospective clients and clients in the past.

In the future, Item 2 Material Changes will be used to provide you with a summary of new and / or updated information deemed “material” by the SEC.

We are required to file an “annual updating amendment” to Form ADV within 90 days after the end of our fiscal year. Last year’s annual updating amendment was filed March 12, 2010. We are also required to file additional amendments “promptly” when other SEC-specified information becomes inaccurate. There were no additional amendments filed last calendar year or this year through the date of this firm brochure.

We will (1) provide you with a summary of material changes as part of our Annual Offer and Notification and (2) provide you with interim disclosures of material changes.

This year, as required by the SEC, we’re providing all clients with a copy of our new Firm Brochure also known as our disclosure document.

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Item 4 Advisory Business

Firm History and Ownership

Harman Investment Advisors is a SEC registered investment adviser and is located in Chicago, Illinois. Harman Investment Advisors Incorporated was incorporated in January, 2000 as the successor to Douglas Kent Harman doing business as Harman Investment Advisors, a sole proprietor, founded in 1990.

The firm's principal and only shareholder is Douglas K. Harman, CFA, CPA, President and Chief Compliance Officer.

For information about Harman Investment Advisors' portfolio management services, please contact Doug Harman at (312) 364-9490 or dkharman@4harman.com

Harman Investment Advisors offers the following advisory services:

Portfolio Management

Harman Investment Advisors Incorporated offers investment supervisory services to individuals and institutional investors.

We manage domestic (US), long-only equity portfolios as "separately managed accounts" on a discretionary basis. We offer a single equity product, the Core Equity I portfolio, that we publicize as being "value-oriented, all-capitalization, and concentrated." We employ fundamental analysis and quantitative methodologies to actively manage client accounts.

On-going investment supervisory services are currently limited to domestic (US) exchange-traded and over-the-counter equity securities as well as cash and equivalents (generally money market funds). We will, though, help clients sell other securities deposited to their account.

For further information about our investment philosophy and investment process, please see Item 8 Methods of Analysis, Investment Strategies and Risk of Loss.

Individual Management

Harman Investment Advisors offers investment supervisory services through selected broker-dealers. A registered representative of the broker-dealer initially determines whether the Core Equity I composite is suitable given the client's circumstances. Each client, having selected the Core Equity I portfolio will have their portfolio managed in a manner similar to other clients with the same goal(s).

Documentation of Your Investment Objective(s): Harman Investment Advisors asks prospective clients and clients to provide us with written investment objectives and to promptly notify us, in writing and in advance, if feasible, of material changes to their investment objective(s). Harman Investment Advisors will rely and act upon the information so provided. Harman Investment Advisors may also rely upon information gathered by a prospective client's or client's broker-dealer.

Cash Flow Requirements: We're particularly interested in cash flow requirements. For example, the anticipated cash flow requirements of an ERISA account (taking into account anticipated retirement, mortality and employee turn over rates and the availability of loans and withdrawals) as well as its funding objectives.

Your May Impose Reasonable Restrictions on Our Management of Your Portfolio: A client may impose reasonable restrictions on the management of their portfolio, for example, certain securities or types of securities, for example, tobacco stocks.

Other Information:

- Accounts are managed on a discretionary basis. Client accounts are separately managed. Clients own the individual stocks held in their account.
- Because we provide continuous asset management, portfolios are regularly monitored. As we make changes to the Core Equity I portfolio, those changes are implemented in client accounts.
- Since individual securities have different risk profiles, they are only recommended to a client when consistent with the client's stated investment objective(s), risk tolerance, financial situation, and time horizon for investment.
- Our investment advice is not exclusive. We act as an adviser to other clients and may give advice and / or take action(s) for those clients different from the advice given to you as well as its timing and nature.
- We have no obligation to purchase or sell for your portfolio any security which the firm, its principals, or employees purchase or sell for themselves or for any other client(s).
- Transactions in a specific security may not be accomplished for all client accounts at the same time or at the same price.

Wrap Fee Programs

We do not participate in wrap fee programs.

Amount of Managed Assets

As of December 31, 2010, Harman Investment Advisors managed \$64,985,187 of clients' assets on a discretionary basis. As of the same date, we managed no client assets (\$0.00) on a non-discretionary basis.

Item 5 Fees and Compensation

Investment Management Fee

Harman Investment Advisors charges a fee for investment management as a percentage of the assets under management, that is, an asset-based investment management fee:

- 1.25% on all assets in the account less than or equal to \$500,000; and
- 1.00% on all assets in the account in excess of \$500,000.

The fee applies to common stocks, fixed income securities, and cash (including cash held in money market funds), and other securities, including mutual funds. If the client's account is a margin account, the fees will be based on the total market value of the assets in the account excluding the debit balance.

Similar investment supervisory services may (or may not) be available from other registered investment advisers for similar or lower fees.

Valuation of Securities: Harman Investment Advisors Incorporated shall determine the fair market value of the assets being billed upon. We use the closing price of exchange-traded and over-the-counter equity securities provided by each exchange, that is, their fair market value. We subscribe to Interactive Data Pricing and Reference Data, Inc.; we update our portfolio accounting system with the security prices provided by them each day. To ensure the accuracy of our invoice, we reconcile each account to the custodian's electronic record(s) or statement before calculating the investment management fee.

Minimum Annual Fee. There is a minimum annual fee of \$5,000 per Account. If, when preparing the fourth quarter's invoice, we determine that the minimum hasn't been charged for the calendar year, we'll bill the incremental amount along with the fourth quarter's asset-based fee.

Clients are subject to the minimum annual fee and minimum account requirements at the time their account was established with Harman Investment Advisors. Therefore, the minimum annual fee and / or minimum account requirements will differ among clients. See Item 7 Types of Clients for further information.

Negotiability / Exceptions to the Fee Schedule. We make exceptions to the fee schedule based upon a number of factors, for example, the responsibilities involved in managing the account (e.g., meeting and reporting requirements), the nature of the client's relationship with Harman Investment Advisors, and the size of the account or group of related accounts.

The fee schedule may be altered for a group of clients or any particular client. We charge a lower fee to and waive the minimum annual fee for clients of The Planning Group of Anchorage of Wells Fargo Advisors, LLC, IPI Asset Management, Inc., and IPI Wealth

Management, Inc. Discounts, not generally available to the firm's clients, may be offered to the firm's employees and family members

Payment of Fees

Our investment management fee is deducted from clients' assets. Our investment management fee while stated on an annualized basis is pro-rated, billed, and deducted from client accounts quarterly.

We no longer offer direct billing of our investment management fee to clients. However, we have four clients that are "grandfathered," that is, we bill them directly.

Other Types of Fees or Expenses That You May Pay

"Embedded Fees": You will pay what are referred to as embedded investment advisory fees in addition to the investment management fee you pay us. If, for example, we invest your portfolio in an independently managed money market fund, you will pay an investment management fee to the investment adviser of the money market fund in addition to the fee you pay us.

Separately Managed Account Fees: We participate in separately managed account programs. In "dual contract" programs, such as those of Wells Fargo Advisors, LLC, IPI Asset Management, Inc., and IPI Wealth Management, Inc., you sign a contract with them and another one with us. As a result, you may be charged fees and expenses by the separate account program in addition to the investment management fee paid Harman Investment Advisors.

Custodian and Broker-Dealer Expenses: A custodian and / or broker-dealer may charge other fees and expenses to your account, including, but not limited to transaction charges, for example, wire fees. Please see Item 12 Brokerage Practices for additional information.

Pre-Paid Investment Management Fees

Harman Investment Advisors' contract provides for (a) payment in arrears or (b) prepayment of our investment management fee. We only offer clients of Wells Fargo Advisors, LLC, IPI Asset Management, Inc., and IPI Wealth Management, Inc. payment in advance.

Harman Investment Advisors does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Calculation of a Pre-Paid Investment Management Fee: The investment management fee is calculated once each quarter: (a) The investment management fee is based upon the market value of assets under management at the end of the preceding quarter or upon the commencement date of the agreement for the initial quarter. (b) At our discretion, an account opened during the final month of a quarter may be billed through the end of the following quarter.

Deposits to and Withdrawals from Your Account: The investment management fee of a clients who pays in advance will be adjusted for deposits to and withdrawals from their account of \$10,000 or more during any calendar quarter. However, fees will not be prorated for regular, substantively similar monthly withdrawals. Deposits will be billed for the balance of the quarter. Refunds will, likewise, be pro-rated based upon the time remaining in the quarter.

- Sample Calculation for a Deposit Fee: A client makes a deposit of \$25,000 on March 15th to an account paying an annual fee of 1.00%. The annual fee would be \$25,000 times 1.00% per annum or \$250.00. The fee is pro-rated for the time remaining in the quarter, in this case, 16 days. (We use the days in the month, in this case, 31 minus the date of deposit, here, the 15th, to calculate the days remaining.) The annual or 12-month fee of \$250.00 is \$20.83 per month. Since March has 31 days, the fee per day is \$0.67. And the pro-rata fee for the balance of the month is $16 \times \$0.67$ or \$10.75.

- Sample Calculation for a Withdrawal Refund: The fee is pro-rated based upon the time remaining in the quarter, as in the preceding calculation. When there is a complete withdrawal of funds (termination), we calculate the refund based upon the market value of assets under management at the end of the preceding quarter or upon the commencement date of the agreement if the initial quarter. See “Termination of the Investment Advisory Relationship” below.

Termination of the Investment Advisory Relationship: Our contract with you can be terminated by you or us at any time with 10 days prior written notice which is effective when received by the other party. The complete withdrawal of assets from broker-dealer accounts which we manage shall also constitute a notice of termination. A client that pays their fee in advance will be given a pro-rata refund of the unearned fee.

- Sample Calculation of a Termination Refund: It will be calculated based upon the amount paid at the beginning of the quarter as follows: [Amount paid at the beginning of the quarter] times [(days remaining in the quarter) divided by (days in the quarter)]. For example, a client pays a fee of \$1,000 on January 1st and terminates the relationship by written notice received on February 28th. We, per contract, bill through the date 10 days after notice of termination is received, in this case March 10th. The amount of the refund will be \$1,000 divided by three months equals $\$333.33 \times (21 \text{ days} / 31 \text{ days}) = \225.80 .

- Clients of a Broker-Dealer: For clients of a broker-dealer, we waive the contractual provision that lets us to bill to the date 10 days after the date notice of termination is received by us (even if a portion or all of the assets are withdrawn from the account before that date).

For example, a client pays a fee of \$1,000 on January 1st and terminates the relationship by the required written notice which is received on February 28th. The

client's fee for the month of March will be refunded: $\$1,000 \times (1 \text{ month} / 3 \text{ months}) = \333.33 .

Credits and Debits: Fees attributable to deposits are submitted to the client's custodian for payment at the end of each month or later at our discretion. A client's refund is paid directly to the client's custodian for re-deposit to their account. Refunds are paid by check and mailed to the client's custodian on the first day of the month following the withdrawal or termination of the investment advisory relationship.

Additional Compensation

Neither Harman Investment Advisors or any of its employees accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6 Performance-Based Fees and Side-By-Side Management

Harman Investment Advisors does not offer a "performance-based fee," that is, a fee based on a share of an account's capital gains or capital appreciation of the client's assets. We only manage accounts for an "asset-based fee" as further described in Item 5 Fees and Compensation.

Harman Investment Advisors does not engage in "side-by-side management," that is, the practice of managing both asset-based fee and performance-based fee accounts.

Item 7 Types of Clients

Harman Investment Advisors provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Non-ERISA pension and profit sharing plans
- Trusts and estates
- Charitable organizations including foundations and endowments
- Corporations and other business entities

Requirements for Opening or Maintaining an Account: We have a minimum account size of \$500,000 and a minimum annual fee of \$5,000 per account. Please refer to Item 5 Fees and Compensation (above) for further information. We do not have any requirements for maintaining an account.

Representations: Harman Investment Advisors represents that it is registered as an investment adviser with the U.S. Securities & Exchange Commission and that such registration is currently effective.

If the account is subject to ERISA, Harman Investment Advisors acknowledges that it is a "fiduciary" as that term is defined by ERISA with respect to the Account.

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

Methods of Analysis

Fundamental: We are "value" investors. We rely upon mean reversion, the statistical tendency for laggards to catch up, and information asymmetry to make money.

Quantitative: We increasingly employ quantitative methodologies, specifically statistical analysis, in order to help identify companies for investment.

We are traditional "buy and hold" investors with a focused, common-sense approach to investing. We believe in buying securities that are "undervalued" and holding them for appreciation. In other words, buying "good companies" when they're on sale.

We distinguish ourselves from other value investors by (1) buying statistically "cheap" stocks and (2) significantly overweighting companies and industries that are attractive in client portfolios.

Our "Discipline" or Security Selection Process: We have a well-defined security selection process (our "discipline") that's designed to uncover industries and companies whose "fundamentals" are undergoing a change that will drive their valuation higher. And preferably a change that others haven't already identified.

We employ the following multi-step process in order to (a) identify securities for investment and (b) determine which industries are most attractive:

Company Analysis:

- We screen the Standard & Poor's Compustat database at least once a week for domestic companies (US) selling (a) below the median level of several valuation measures, e.g., the price / earnings ratio, and (b) those statistical "outliers" with extraordinarily high valuation ratios. Our internal copy of Standard & Poor's Compustat database is updated once a day.
- We do not limit our selection of companies to a particular market segment, for example, large capitalization companies ("large-cap"). We are "all-capitalization" investors. That is, we let valuation drive the selection process rather than market capitalization, inclusion in an index, etc.

- Unlike peers that focus on the relative valuation of companies, we focus upon companies whose common stock is absolutely and statistically cheap. We also look at companies with extraordinarily high valuation ratios. Companies with extraordinarily high price-earnings ratios may be out-of-favor “cyclicals” or “turnarounds” just returning to profitability. A company whose common stock sells for \$20.00 and earns \$0.01 has a price / earnings ratio of 2,000. (The p/e of a cyclical company falls as the company’s profitability increases.)

- We also statistically search for companies with substantively different growth rates or profitability than their peers. Companies may stand out from their peers for positive reasons such as an innovative product, a better delivery / service model, extraordinary management, etc. On the other hand, companies may suffer temporary financial difficulty (“turnarounds”) or temporary growth pains (“fallen angels”).

- Finally, we determine the “target price” for each company based upon the company’s normalized earnings and Thomson First Call earnings estimate. We rank the attractiveness of companies, without regard to their industry, based upon their potential profitability as an investment.

Industry Analysis:

Most industries are cyclical, that is, their profitability rises and falls over the course of an economic cycle. As a result, undervalued industries easily identified.

- When an entire industry is undervalued, most companies in the industry will pass our valuation screens.

- Likewise, the average valuation of the industry’s constituents is (1) low relative to its own history and (2) lower than other industries’ current valuation.

Investment Strategies

We Significantly Overweight Companies and Industries that Are Attractive:

- We don’t hug a benchmark, that is, maintain the sector and industry weights of an index (as do many large firms that can only manage money at the margins). We weigh companies and industries in the portfolio based upon their potential profitability.

- We overweight attractive industries and underweight unattractive industries relative to their respective weight in the S&P 500, the Core Equity I portfolio’s benchmark.

- Within an industry, we’ll generally hold several securities subjectively weighted by their relative profit potential.

- On the other hand, we may only hold one company in an industry if we believe it has unique characteristics that warrant the commitment of funds.

Portfolio Creation and Structure:

- We manage “concentrated” portfolios. That is, client portfolios are not numerically well diversified. They hold a relatively small number of securities in a limited number of economic sectors and industries.

- Portfolios typically hold twenty (20) issues with an initial commitment of 5% of the portfolio's market value. We may hold more issues in order to reduce a portfolio's risk. We'll allow a single issue to appreciate to 15% of a portfolio. We have no limit to how much of a portfolio can be committed to a single industry (or how much we can leave in "cash" when we think it warranted).

Active Management: Portfolios are actively managed. We routinely increase and decrease the weight of individual securities in a client's portfolio. Our objective is to maximize the funds committed to companies with the highest profit potential.

Buy Decision: While the question of what to buy is answered by accounting and financial analysis, the question of when to buy is a matter of judgment. When buying, we maintain a "margin of safety" by establishing a buy limit and price target for each security. If, for example, we expect a common stock currently selling for \$20.00 to reach \$40.00-to-\$60.00 (a double or triple isn't uncommon for a cyclical company), we might stop buying at \$30.00 per share. Because value stocks have usually been declining in price for some time, the downside is generally limited. As they rise in price, the risk-reward ratio shifts: the reward diminishes and the risk rises. That is, as the profit potential falls, the risk of a mistake rises.

Sell Decision: We sell when (a) the security reaches its "target price," (b) the stock's fundamentals deteriorate, (c) we get frustrated as time lapses [the Achilles Heel of value investors] and / or we decide that we made a mistake, or (c) we identify a better opportunity for investment of the funds. We also sell when we think that reducing the portfolio's risk is warranted. That may involve (a) reducing the exposure to a particular industry, (b) reducing overweight positions, and / or (c) selling entire positions to raise cash.

Material Risks

In General:

Investing in securities involves the risk of financial loss, including the loss of principal invested. Clients should be prepared to bear this risk

An investor in a common stock is, by definition, purchasing an unsecured interest in a company. In the event of bankruptcy, common shareholders only have a residual claim to assets.

Past performance is not a guarantee of future results. The investment results for the Core Equity I composite shown to prospective clients and clients are not necessarily representative of an individually managed account's rate-of-return.

Material Risks to Our Methods of Analysis:

Our analysis may be compromised by inaccurate or misleading information. In order to determine the "value" of securities, Harman Investment Advisors relies upon publicly-

available financial information. We also rely upon Standard & Poor's Compustat, a database of financial information, and Thomson First Call earnings' estimates.

Material Risks to Our Investment Strategies:

Client accounts are actively managed. While our investment strategy does not routinely involve frequent trading of securities, clients should be aware that frequent trading can negatively affect investment performance by increasing brokerage, other transaction costs, and taxes.

We manage concentrated portfolios. We hold a small number of equity issues which we believe will, over time, outperform the broad market. Portfolios are not numerically diversified. We intentionally substantively over-weight and / or under-weight different economic sectors and / or industries. A single issue may represent a large portion of a client's portfolio. As a result, a client's portfolio (a) may periodically, substantively underperform the broad market and / or (b) suffer a significant loss of principal if a single issue declines in value.

Item 9: Disciplinary Information

We are required to disclose legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Harman Investment Advisors and Harman Investment Advisors' management personnel have no reportable disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Harman Investment Advisors and Harman Investment Advisors' management personnel have no other financial industry activities or affiliations to disclose.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

A copy of Harman Investment Advisors' current Code of Ethics is available to any client or prospective client upon request. To request a copy, please contact Doug Harman, Chief Compliance Officer by phone at (312) 364-9490, by email at dhorman@4harman.com, or by writing him at the firm's address on the cover page of this firm brochure.

Harman Investment Advisors has adopted a Code of Ethics pursuant to the US Securities & Exchange Commission's requirement that we establish, maintain, and enforce a written code of ethics: (a) to protect the firm's clients by deterring misconduct, inadvertent or otherwise; (b) to remind employees that they are trusted by clients and must act with complete propriety at all times; and (c) to protect the reputation of the firm.

The firm's principals are members of the CFA Institute. The CFA Institute's Code of Ethics and Standards of Professional Conduct are endorsed and adopted by the firm. A copy is available upon request and may also be viewed on the CFA Institute's website www.cfainstitute.org

In General: As a fiduciary, Harman Investment Advisors (the firm) has an affirmative duty to act in the best interests of clients.

Supervised persons are also expected to act in the best interests of clients and place clients' interests before their own interests.

1. They have an obligation to protect the firm's reputation by conducting business with the honesty and integrity expected of an investment professional.
2. They should use particular care in determining the applicable fiduciary duty and shall comply with such duty as to those persons and interests to whom the duty is owed.

Therefore, supervised persons shall not engage in any conduct involving dishonesty, fraud, deceit, or misrepresentation, or commit any act that reflects adversely on their honesty, trustworthiness, or professional competence.

All supervised persons are expected to:

1. Place the interests of clients first.
2. Avoid (a) actual or potential conflicts of interest, (b) abusing a client's trust, or (c) taking inappropriate advantage of their position with the firm when making personal securities transactions.
3. Maintain the confidentiality of information (a) concerning client's financial circumstances, the identity of their security holdings, etc. and (b) regarding the firm's research, recommendations, and portfolio holdings.
4. Use reasonable care and judgment to achieve and maintain independence and objectivity when making investment recommendations or taking investment actions.

Internal Controls:

1. Our Code of Ethics includes oversight, enforcement, and recordkeeping provisions;
2. We require delivery to and acknowledgement of receipt of the Code of Ethics by every employee;
3. Supervised persons are required to report any violations of the Code of Ethics (or suspected violations thereof) promptly to the firm's Chief Compliance Officer.
4. Failure to comply with the firm's Compliance Policies, including the firm's Code of Ethics, may result in disciplinary action, including termination of employment.

Important Provisions:

Privacy Policy: Harman Investment Advisors Incorporated has adopted a Privacy Policy that applies to consumers who apply for investment advisory services as well as customers who establish an account with the firm. Our Privacy Policy applies to both current and former consumers and customers.

We collect nonpublic personal information, that is, “personally identifiable financial information” that identifies you or your accounts in the normal course of business as we manage your assets and administer your account(s).

We do not disclose any nonpublic personal information about our customers or former customers to anyone unless:

- A client directs that we make the disclosure;
- A client consents to the disclosure; or
- We believe in good faith that disclosure is required or permitted under law

We restrict access to nonpublic personal information about you to those employees and agents who need to know that information to provide investment advisory services to you. We maintain physical, electronic, and procedural safeguards that comply with federal and state standards to guard your nonpublic personal information.

We will provide clients with timely notice of any change to our Privacy Policy.

Prospective clients and clients copy may obtain a copy of the firm’s Privacy Policy upon request. To request a copy, please contact Doug Harman, Chief Compliance Officer by phone at (312) 364-9490, by email at dhorman@4harman.com, or by writing him at the firm’s address on the cover page of this firm brochure.

Conflicts of Interest: Supervised persons should avoid conflicts of interest and situations that reflect poorly on the individual or firm, that is, situations that a client might perceive as a conflict.

When conflicts arise, all material facts that might impair the supervised persons ability to make unbiased and objective recommendations should be disclosed to the client(s), firm, and / or prospects. And supervised persons should comply with any prohibitions on their activities that are imposed by the firm when a conflict of interest exists.

Insider Trading: “Insider trading” refers to (a) trading in securities on the basis of material, non-public information or (b) the communication of material, non-public information to others.

1. Supervised persons are prohibited from communicating material nonpublic information, whether attributable to the firm or a third-party, to others in violation of the law.

2. Supervised persons are prohibited from trading (either for themselves or on behalf of others) or causing others to trade in securities on the basis of material nonpublic information.
3. Supervised persons should make reasonable efforts to achieve public dissemination of material nonpublic information disclosed in breach of a duty, e.g., material nonpublic information disclosed by the executive of a public company.

Participation or Interest in Client Transactions

The firm and its employees are prohibited from engaging in principal transactions. More formally, neither Harman Investment Advisors, its employees, or a related person recommends to clients, or buys or sells for client accounts, securities in which we or a related person have a material financial interest.

Personal Trading

Harman Investment Advisors, its employees, or a related person may invest in the same securities (or related securities, for example, warrants, options, or futures) that Harman Investment Advisors or a related person recommends to its clients.

The firm and its employees are prohibited from engaging in agency cross trades. More formally, Harman Investment Advisors, its employees, or a related person may not recommend securities to clients, or buy or sell securities for client accounts, at or about the same time that Harman Investment Advisors, its employees, or a related person buys or sells the same securities for their own (or related person's own) account.

Specifically:

1. Transactions for clients shall have priority over transactions in securities in which the supervised person is the beneficial owner, i.e., personal transactions must not operate adversely to clients' (or the firm's) interests.
2. Supervised persons are prohibited from using knowledge about pending or prospective securities transactions for clients to profit personally, directly or indirectly, as a result of such transactions, including by purchasing or selling such securities.
3. When trading personal accounts, supervised persons must follow the firm's established trading procedures.
 - a. Harman Investment Advisors expects supervised persons to manage personal accounts in a manner similar to the management of client accounts.
 - b. All supervised persons are required to fully comply with the firm's policies and procedures regarding personal securities transactions:
 - All personal securities transactions must be pre-cleared by the Chief Compliance Officer;

- All supervised persons are required to report their personal security transactions and holdings to the firm; and
 - The firm is required to review supervised persons security transactions and holdings.
- c. Employee trades must be placed after client trades in a security are completed unless aggregated with client orders;
- Aggregation is permissible if the employee's trade is a small portion of the block.
 - If a partial fill occurs, employee accounts will be excluded from the allocation

Item 12: Brokerage Practices

Factors that Harman Investment Advisors' Considers When Selecting or Recommending Broker-Dealers

When Harman Investment Advisors Incorporated is granted discretionary authority, an investment adviser representative of the firm will determine which securities are bought and sold, the total amount to be bought and sold, which broker or dealer will execute the transaction(s), and the commission rate(s) at which the transactions will be executed.

Harman Investment Advisors considers the following factors when selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation, e.g., commissions. Factors considered include, but are not limited to, particular expertise in the type of transactions or security, commission charge, access to relevant markets and prior experience with such broker or dealer.

Brokers are chosen with regard to Harman Investment Advisors Incorporated's ability to obtain the best execution for a client's account. The most favorable price to clients means the best net price without regard to the mix between purchase or sale price and commissions, if any.

Harman Investment Advisors Incorporated will determine in good faith that the amount of the commission or mark-up / mark-down paid is reasonable in relation to the value of the products and brokerage and research services received from such broker-dealer viewed in terms of either that particular transaction or Harman Investment Advisors Incorporated's overall responsibilities to all of its clients.

After considering all factors considered relevant to the selection of a broker-dealer, Harman Investment Advisors Incorporated (that is, an investment adviser representative of the firm) may determine to pay a brokerage commission or mark-up in excess of that which another broker-dealer might have charged for effecting the same transaction in recognition of the value of the brokerage or research services provided by the broker or dealer.

The research services obtained by Harman Investment Advisors may include a broad variety of financial and related information and services, including written and oral research relating to the economy, industries or industry segments, or specific company, software or written financial data, electronic and other quotations or market information systems, financial or economic programs or seminars, and other similar services or information believed by Harman Investment Advisors Incorporated to assist in its advisory function. The research services so provided may relate to a particular transaction, but for the most part research services will consist of a wide variety of information useful to Harman Investment Advisors Incorporated and its client, and may benefit all of Harman Investment Advisors Incorporated's clients including those whose accounts generated the commissions to pay for such products and services.

Research and Other Soft Dollar Benefits: Harman Investment Advisors does not, as a matter of principle, engage in "soft dollar" transactions. We have no formal or informal "soft-dollar" agreements in place with any broker-dealers that require or reward the firm for directing any specified level of brokerage / commissions to any broker-dealers.

Several broker-dealers offer electronic trading interfaces for client accounts, electronic delivery of client transaction detail, and other information to facilitate management of their clients' accounts.

Brokerage for Client Referrals: Harman Investment Advisors considers, when selecting or recommending a broker-dealer, whether we or a related person receive client referrals from the broker-dealer or third party.

We may have an incentive to select or recommend a broker-dealer based on our interest in receiving client referrals, rather than on your interest in receiving most favorable execution.

During calendar year 2010, our last fiscal year, we did not direct any client transactions to a particular broker-dealer in return for client referrals.

Harman Investment Advisors Incorporated has no formal "soft-dollar" agreements, nor any other formal referral or solicitation arrangement as described in Section 206(4)-3 of the Investment Advisers Act, in place with any broker-dealers which require or reward Harman Investment Advisors Incorporated for directing any specified level of brokerage / commissions to any broker-dealers.

Directed Brokerage: Harman Investment Advisors does not routinely recommend, request, or require that a client direct us to execute transactions through a specified broker-dealer. We do permit a client to direct brokerage, provided that such broker-dealer executes transactions on a "best price and execution" basis. That is, clients only have directed brokerage arrangements subject to most favorable execution of client transactions.

A client may direct Harman Investment Advisors Incorporated to execute all transactions for the client's account through a particular broker-dealer because the client is receiving the benefit of certain consulting services from the broker-dealer. The client will acknowledge their understanding and agreement that (1) by directing brokerage, the client may pay higher commissions on some or all transactions than might otherwise be attainable by Harman Investment Advisors for the client's account, or may receive less favorable execution of some or all transactions, or both. (2) In determining whether to instruct Harman Investment Advisors to utilize a particular broker-dealer the client will compare the possible increase in costs or disadvantages of such an arrangement with the value of the services provided by the broker-dealer. See also, "The Cost of Not Aggregating" below.

Aggregation of the Purchase or Sale of Securities

Aggregating trades, a practice commonly referred to as "block trading," lets us execute trades in a more timely, equitable manner, at an average price. Harman Investment Advisors will typically aggregate trades for clients whose accounts can be traded at a given broker-dealer. When we aggregate trades and more than one broker-dealers must be used, we will (a) rotate between the broker-dealers or (b) vary the order of clients for whom trades are placed in a given security on any particular day in order to ensure that no client is favored over another.

When and Under What Conditions: It is Harman Investment Advisors Incorporated's practice, when feasible, to aggregate for execution as a single transaction, orders for the purchase or sale of a particular security for the account of several clients in order to seek a lower commission or more advantageous net price. The benefit, if any, obtained as a result of such aggregation, is generally allocated pro-rata among the accounts of the clients which participate in the aggregated transaction.

The Cost of Not Aggregating: Harman Investment Advisors aggregates trade orders whenever feasible. It may not be feasible to aggregate trade orders when, for example, a client directs their brokerage. By directing Harman Investment Advisors to use a particular broker-dealer to execute transactions, (1) the client's account may be unable to participate in aggregated orders and, when the client's account does participate in an aggregated order with broker-dealer they designate, the client's specification of a particular commission rate with the broker-dealer will preclude the client from receiving the benefit, if any, of a lower commission resulting from the aggregation, and the accounts of other clients participating in the aggregated order may receive a correspondingly greater benefit. (2) The transactions of other clients typically will be executed through other broker-dealers and some or all of the transactions for other clients might be executed at a better price and receive better execution through another broker-dealers. And, (3) the commissions paid may not be competitive. Other clients might pay less for similar transactions through other broker-dealers.

Item 13 Review of Accounts

Formal Review

Douglas K. Harman, President and Chief Compliance Officer, is the firm's lead portfolio manager. He reviews all accounts for conformity with their investment objective at least once a year.

Informal Review

Client portfolios are continually monitored. An informal review will be triggered by a number of factors, for example, a cash deposit or withdrawal, the decision to purchase or sell a particular security, etc.

Reports to Clients

Harman Investment Advisors provides written reports to clients at the beginning of each quarter. The quarterly report consists of investment performance, a portfolio appraisal (an inventory of the client's investments), and an invoice for investment management services.

Similar reports may be provided by a client's consultant and / or custodian. Trade confirmations are provided by the broker-dealer handling the transaction.

Upon request, Harman Investment Advisors will provide transaction detail for taxable accounts, specifically a schedule of realized gains and losses for the preceding calendar year. Harman Investment Advisors does not assume responsibility for the accuracy of information furnished by a client (for example, cost basis information) or any other party.

Item 14: Client Referrals and Other Compensation

Additional Compensation

Harman Investment Advisors only compensation for its services is the asset-based investment management fee paid by clients. We do not accept an "economic benefit" from someone who is not a client for providing investment advice or other advisory services to clients, for example, a sales award or other prize.

Client Referrals

Harman Investment Advisors or a related person does not currently directly or indirectly compensate any person who is not a supervised person of the firm for client referrals.

Harman Investment Advisors may, in the future, pay referral fees to third parties (“solicitors”) for introducing clients to us. Any such arrangement will be pursuant to a solicitation agreement that complies fully with Rule 206(4)-3(a)(1)(iii) under the Investment Advisers Act of 1940.

Item 15 Custody

Harman Investment Advisors will not be the custodian of a client’s assets. We do not have actual or constructive custody of a client’s account(s).

The account’s assets will be held by a bank, trust company, broker-dealer or other entity designated and appointed by each client (and acceptable to Harman Investment Advisors) as custodian of the account.

The custodian shall be responsible (a) for the physical custody of the assets of the account, (b) for the collection of interest, dividends and other income attributable to the assets of the account, and (c) for the exercise of rights and tenders on assets of the account.

Harman Investment Advisors will not be responsible for any loss incurred by reason of any act or omission of the custodian. We will make reasonable efforts to require that custodian perform its obligations with respect to the account.

As discussed in Item 5 Fees and Compensation, Harman Investment Advisors directly debits investment advisory fees from client accounts. Because the custodian does not independently re-calculate the investment advisory fee to be deducted from your account, you should carefully review your custodian’s statement(s) in order to verify the accuracy of the calculation, among other things. Please contact us directly if you believe that there is an error in the investment management fee’s calculation.

Because we receive trade confirmations and monthly account statements from your custodian (which we reconcile daily and monthly), we have a reasonable basis for believing that “the qualified custodian sends an account statement, at least quarterly, to each of your [our] clients for which it maintains funds or securities, identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions in the account during that period.”

Consistent with the SEC’s intent, we urge you to compare the quarterly statement we send you with that of your custodian for accuracy.

Item 16 Investment Discretion

Harman Investment Advisors accepts discretionary authority to manage securities accounts on behalf of clients.

Under our contract, we have full power to supervise and direct the investment of the account, make and implement investment decisions, without prior consultation with you in accordance with the written investment objective(s) you provide us.

Our discretionary authority includes the ability to do the following without contacting you:

- Determine the security to buy or sell; and / or
- Determine the amount of the security to buy or sell.

Clients may and customarily do place limits on our discretionary authority. We will, for example, vote proxies, unless a client explicitly reserve the authority for itself.

In general, limits on Harman Investment Advisors Incorporated authority will be covered in the investment advisory agreement. Other restrictions may be included in the mutually agreed upon and written investment objective(s). We may also rely upon information collected by a broker-dealer.

Item 17 Voting Client Securities

When Harman Investment Advisors Votes

Authority: Harman Investment Advisors accepts the authority to vote proxies (unless a client explicitly reserves the authority for itself). When voting proxies, Harman Investment Advisors' makes voting decisions solely in the best economic interest of each client. We will act in a manner that we deem prudent and diligent and which is intended to enhance the economic value of the underlying portfolio of securities held in the account

You May Direct Our Vote: A client may direct our vote (1) with standing instructions or (2) in a particular solicitation. The direction must be in writing and is effective when received by us. Generally, standing instructions will be included in the client's written investment objective(s)

If a client wishes to direct our vote in a particular solicitation, the direction must be in writing and must be received in a timely manner, i.e., before the close of business at 4:45 p.m. CST on the business day prior to the day of the company's annual meeting.

How to Revoke Our Authority to Vote: A client may revoke our authority to vote proxies. The revocation must be in writing and is effective when received by us.

How We Resolve Conflicts of Interest: Issues that concern a client, for example, smoking, should be specified in a client's written investment objective(s) so that we are aware of them.

1. We have identified issues of concern to some clients, e.g., socially responsible investing. When we think it appropriate, we may discuss an issue with affected clients before voting.
2. Conflicts of interest will be resolved (a) in the best interests of each client by reference to their written investment objective(s) or other written evidence of intent, for example, standing instructions to vote for or against a particular issue. Or (b) by disclosing the conflict, making a recommendation, and asking for a client's written direction in voting their shares.

How to Obtain Proxy Voting Information: A client may request, either verbally or in writing, the record(s) of (a) proxies voted on their behalf and (b) how they were voted, i.e., the vote for each item while their account was or is being managed by Harman Investment Advisors:

- Requests will be promptly acknowledged.
- Requests will be fulfilled in the order received, in writing, and within a reasonable period of time (that depends upon the number of securities and / or proxy votes that must be tabulated).

To make a request, a client / former client should contact Doug Harman, Chief Compliance Officer by phone at (312) 364-9490, by email at dkharman@4harman.com, or by writing him at the firm's address on the cover page of this firm brochure.

Proxy Voting Policies and Procedures: Clients may obtain a copy of the firm's "Proxy Voting Policies and Procedures" upon request. To request a copy, a client should contact Doug Harman, Chief Compliance Officer by phone at (312) 364-9490, by email at dkharman@4harman.com, or by writing him at the firm's address on the cover page of this firm brochure.

When You Vote Proxies

You have the right to explicitly reserve proxy voting authority. If you do, you will receive proxy materials and other company solicitations from your custodian or the company's transfer agent. We will not mail proxy materials and other company solicitations to you.

Clients can contact us with questions about a particular solicitation. To ask a question, a client should contact Doug Harman, Chief Compliance Officer by phone at (312) 364-9490, by email at dkharman@4harman.com, or by writing him at the firm's address on the cover page of this firm brochure.

Item 18 Financial Information

Harman Investment Advisors Incorporated is not required to file a balance sheet for the fiscal year ending December 31, 2010.

Harman Investment Advisors does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Harman Investment Advisors has no reportable financial condition reasonably likely to impair our ability to meet contractual commitments to clients.

Harman Investment Advisors Incorporated has not been the subject of a bankruptcy petition at any time during the past ten years (or since its founding as a sole proprietorship in 1990).