

ITEM 1 COVER PAGE

# HORIZON ASSET MANAGEMENT, LLC



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JUNE 20, 2012

This brochure provides information about the qualifications and business practices of Horizon Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at 800-568-8213 or [holli@horizonasset.com](mailto:holli@horizonasset.com). The information contained in this brochure has not been approved or verified by any state securities authority. Additional information about Horizon Asset Management, CRD No. 109613, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Note: Registration does not imply a certain level of skill or training.



## **ITEM 2        MATERIAL CHANGES**

Since our annual updating filing of February 23, 2012, Brian Gawthrop is no longer with the firm and we have switched to registration with Washington State from SEC registration.

Current and prospective clients may obtain a full copy of our brochure, at no cost, by contacting Holli Lofgren, Chief Compliance Officer, at 800-568-8213.



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## ITEM 4      ADVISORY BUSINESS

Horizon Asset Management, LLC (“Horizon,” “we,” “us,” “our”) is an independent, privately owned registered investment advisor in the State of Washington. Our limited liability company was formed on October 6, 1999, and we became registered as an investment adviser in February 2000. We are owned by the firm’s members Larry Meyer and Holli Lofgren, who founded the firm, and Kate Holmes.

**Investment Advisory Services.** We provide continuous and regular discretionary and non-discretionary investment management services for individuals and corporations. These services include determining risk tolerance, developing an investment policy, asset allocation and selection, and ongoing portfolio monitoring and rebalancing. In managing client accounts, we use mutual funds, exchange traded funds (ETFs), fixed income assets, unit investment trusts, and cash or cash equivalents (money market funds). For some clients we will use covered call options and/or cash secured put options on ETFs and/or individual equities. We may also recommend non-public investment opportunities (private equity). We may offer advice relating to an investment held by a client at the outset of our advisory relationship. Occasionally we may offer advice relating to other types of investments in response to a client request, or if appropriate to the objectives and goals of the client.

Our investment consulting services which we provide to employer-sponsored retirement plans such as 401(k), profit sharing, 403(b), defined benefit or other employer plan are limited to mutual funds, unit investment trusts, commingled investment trusts, and money market funds. We are a “limited scope” fiduciary under Section 3(21) of ERISA where we provide investment consulting services for participant directed employer-sponsored retirement plans. We do not have discretionary authority over these plans or their assets. This fiduciary duty does not, and will not, extend to a participant’s investment decision making process with regards to their investments in the plan. Participants retain all decision making authority and responsibility, though our advisors are available to consult with plan participants.

First and foremost, we develop a personal relationship with our clients. We then discuss their specific needs and help define each client’s investment objectives which are then developed into an investment plan and/or written into an Investment Policy Statement. Each client’s money is then invested according to those objectives. We regularly meet with clients to evaluate any changes to their objectives. Clients may, at any time, impose restrictions on our advice by providing written instruction. For instance, if a client has a specific stock they wish to own, or a particular investment they do not want to own.



In providing investment advice to and within an employer-sponsored retirement plan we are limited to the investment providers and options chosen by the plan administrator. We can only make recommendations to participants within an employer retirement plan that relate to the investment options available within the plan.

We do not participate in any wrap fee program.

As of February 21, 2012, we had \$71,831,672 in assets under management on a discretionary basis and \$103,985,330 in assets under management on a non-discretionary basis.

**Financial Planning Services.** We provide ongoing financial planning services for a fixed fee. Those services may include, but not be limited to, any of the following:

- Investment Planning and Management
- Employer Stock Options, Stock Awards, Employee Stock Purchase Plans, Executive Compensation, and/or other Fringe Benefits
- Retirement Planning
- Estate Planning
- Tax Planning
- Risk Management Analysis
- Cash Flow Analysis and Management
- Education Planning
- Small Business Planning
- Employee Benefit Planning

The scope of our engagement will be set forth in the Financial Planning Agreement. In the first year of our engagement, clients may meet with a planner regularly throughout the year depending on their needs, and typically have fewer meetings in subsequent years, interspersed with telephone conferences and other communication. Investment advisory services may also be provided if requested, in which case a client must sign an Investment Advisory Agreement in addition to the Financial Planning Agreement.

## **ITEM 5      FEES AND COMPENSATION**



**Investment Advisory Fees.** Investment advisory fees are billed quarterly in arrears based on the value of all assets in managed accounts. Investment advisory fees are determined based on the value of all accounts we manage for each client. For instance, where a couple might each have an IRA as well as a joint account, we would combine those accounts to determine our fee. We charge a minimum annual fee of \$3,000 for discretionary investment advisory accounts fees; this minimum may be reduced at our discretion. Fees for accounts whose combined value is greater than \$250,000 are based on the following tiered schedule:

Combined Account Value	Annual Fee
First \$250,000 of combined account value	1.50%
Next \$750,000 of combined value, up to \$1,000,000	1.10%
Next \$2,000,000 of combined value, up to \$3,000,000	0.60%
Next combined value over \$3,000,000	0.30%

Fees for non-discretionary accounts range between .30% and 1.0% of the market value of the account on which we are providing investment consulting services. The fees are negotiated based on complexity, assets held and other factors at the time of preparing the contract between our firm and the retirement plan sponsor and may be.

Our fees are billed after the end of each quarter based on the actual value of the account or accounts as of the last day of each of the three months in the quarter just ended, and prorated for the number of days in each month. New accounts are prorated from the date of the first in-flow to the account (a deposit of either shares or cash). Our invoice will, at a minimum, show the account or accounts being billed, the value at the end of each period being billed, the calculated fee amount, and the formula used for the calculation.

Fees are typically deducted from client accounts at least three days following the mailing or electronic delivery of our invoice. Clients have the option of paying our fee by check from an account other than one that we manage.

Our fees do not include custodial fees, transaction fees, brokerage commissions, stock transfer fees, exchange processing fees, or the expense ratios of mutual funds and/or exchange traded funds (ETFs). Additional information about brokerage can be found at Item 12 - Brokerage Practices, beginning on page 12.



Clients are not requested or required to pay our investment advisory fees in advance. Our fees will not be increased without notice and written agreement by both parties.

**Financial Planning Fees.** Financial planning fees are based on the breadth and complexity of the client's situation and stated objectives. Our minimum financial planning fee is \$5,000, one-quarter of which is due at the time the Financial Planning Agreement is signed and the remaining fee is prorated and charged on a quarterly basis, in arrears. We may negotiate a fee less than the stated minimum based upon certain criteria (i.e., anticipated future earning capacity, related existing client relationships, preexisting client, pro bono activities, etc.). Occasionally, but very seldom, hourly services are engaged at a rate of \$175 per hour.

**Other Compensation.** Horizon does not receive, and no person who works at Horizon receives, any compensation for the sale of any investment products. This means we do not receive 12(b)1 fees, asset-based sales charges, service fees, revenue sharing, shareholder servicing fees, or any other type of fees from the sale of any investments. The only fees we receive are the asset based and financial planning fees discussed in this Item. Separate account managers, if used in client accounts, will charge their fees separately and directly to clients; Horizon does not receive any compensation from or through separate account managers.

## **ITEM 6      PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We do not charge performance-based fees or fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **ITEM 7      TYPES OF CLIENTS**

We generally provide investment advice to individuals, businesses, trusts, and individual participants of employer-sponsored retirement plans and we offer advisory consulting services to pension and profit sharing plans and personal financial planning for individuals.

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

**Methods of Analysis:** The main sources of information we use include financial newspapers and magazines, research materials prepared by others, prospectuses, filings with the Securities and Exchange Commission, company press releases, Morningstar Principia mutual fund information, and the World Wide Web.



**Investment Strategies:** Horizon seeks capital preservation as our overriding investment priority; we manage risk as well as return. We generally use diversification in an effort to optimize the risk and potential return of a portfolio. We may use multiple asset classes, investment styles, market-capitalizations, sectors, and regions to provide diversification. Each client's portfolio selection is determined in accordance with their investment objectives, risk tolerance, and time horizon.

New clients are asked to complete a questionnaire to determine their financial objectives and risk tolerance. We use actively and passively managed mutual funds, exchange traded funds, individual equities, and private equity for client's portfolios. Where appropriate, we may write covered calls on exchange traded funds and/or individual equities in an attempt to generate income and reduce risk of loss. Portfolios are diversified among domestic and international equities, taxable and non-taxable fixed income, as well as alternatives such as commodities, precious metals, real estate and, where appropriate and available, private equity.

**Risk of Loss:** All investment programs have certain risks that are borne by the investor and involve risk of loss that the investor should be prepared to bear. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- Interest-rate risk: Changes in interest rates may cause prices to fluctuate. For example, when interest rates rise the value of fixed income securities falls.
- Market risk: Political, economic and social conditions may trigger market events where changes in the overall market prices cause changes in the value of a specific security.
- Endogenous risk: The risk from within the financial system that bad news feeds on itself and may lead to a breakdown of the entire financial system.
- Inflation risk: Purchasing power falls when inflation is present. For example, during inflationary times, a dollar today will not buy as much as a dollar next year.
- Currency risk: When the currency of the investor's originating country appreciates, the value of foreign investments denominated in foreign currency will fall. This is also known as exchange rate risk.
- Reinvestment risk: During times of declining interest rates, proceeds from investments (primarily fixed income) may have to be reinvested at lower rates.



- Business risk: All businesses within an industry are generally exposed to similar business risks. For example, advances in technology may affect the demand of a business's products or services.
- Liquidity risk: The ability to easily convert an investment into cash without a substantial change in price. Generally, assets are more liquid if there is a high demand and the ability to buy and sell quickly at a stable price. For instance, Treasury Bills are highly liquid, while real estate properties are not.
- Financial risk: Greater financial risk is present when companies finance their operations through debt. With extensive debt, a company may not be able to meet their debt obligations, leading to bankruptcy or declining market values.

Covered call options and cash secured put options carry additional risks as described in the Characteristics and Risks of Standardized Options prepared by the Options Clearing Corporation. That document is available at <http://www.optionsclearing.com/about/publications/character-risks.jsp> and includes information about the risks listed below as well as additional risks of options. To the extent our strategies use options, they are of only two types: covered calls and cash secured puts. Account holders of these types of options are called option writers.

- An option writer may be assigned an exercise at any time during the period the option is exercisable
- The writer of a covered call gives up the opportunity to benefit from an increase in the value of the underlying security above the option price, but continues to bear the risk of a decline in the value of the underlying security
- The writer of a put option bears a risk of loss if the value of the underlying interest declines below the exercise price; the loss could be substantial if the decline is significant
- There is a risk that an option writer will be assigned an exercise that is made based on news that is published after the exercise cut-off time and that the writer may not have an effective remedy to compensate for a violation of the options market's rules
- If a trading market in an option becomes unavailable, or if the writers of the option are otherwise unable to engage in closing transactions, the



writers of that option would remain obligated until expiration or assignment

- There may be times when options prices will not maintain the customary or anticipated relationships to the prices of the underlying securities and related interests
- A complexity not well understood is, in itself, a risk factor
- Disruptions in the markets for underlying securities could result in losses for options investors
- The insolvency of a brokerage firm could present risks for that firm's customers, whether they are investing in options or in other securities
- Although the Options Clearing Corporations rules and procedures have been designed for the purpose, among others, of facilitating the prompt settlement of options transactions and exercises, there is a risk that OCC and its backup system will fail

## **ITEM 9 DISCIPLINARY INFORMATION**

The SEC and Washington State require registered investment advisors to disclose all material facts regarding any legal or disciplinary events that are material to a client's or prospective client's evaluation of our investment advisory business or the integrity of our management.

We have no legal or disciplinary information to report.

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

Our firm and the people who work here are not registered, and do not have any application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

Our firm and the people who work here are not registered, and do not have any application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an association person of the foregoing entities.

One of the owners and co-managing members of the firm, Larry Meyer, is a licensed attorney. He does not provide legal services to our clients and he does not and will not provide legal advice to our clients.



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

We have established a Code of Ethics pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, as amended. As an investment adviser, we are fiduciaries and have an undivided duty of loyalty to act solely in the best interests of our clients, an obligation which includes the responsibility to make full and fair disclosure of all material facts, especially where our interests may conflict with those of our clients. In carrying out our daily affairs, the firm, and all firm personnel, will act in a fair, lawful and ethical manner, in accordance with the rules and regulations imposed by the Firm's governing regulatory authority (e.g., United States Securities and Exchange Commission, state bureau of securities, etc.). A copy of our Code of Ethics will be provided to any client or prospective client upon request.

We do not recommend to clients, or buy or sell for client accounts, securities in which we or any firm personnel have a material financial interest.

Employees of the firm, and the firm's own account, will from time to time invest in the same securities that we recommend to clients. We recognize that this can create a conflict of interest, or the perception of a conflict of interest, because we might obtain a better execution or price on a trade than a client. Our Code of Ethics is designed to address this conflict as follows:

- All employees must request permission and receive approval before any non-mutual fund trading is conducted in their personal accounts;
- Except as noted below, if we are buying, selling, or considering buying or selling, any exchange listed security on behalf of a client or clients, neither the firm nor any employee may buy or sell that security prior to the client purchase or sale, or until a decision has been made not to purchase or sell the security on behalf of the client;
- Exceptions:
  - Some securities being considered for purchase and sale on behalf of clients trade in sufficiently broad markets to permit transactions to take place without any appreciable impact on the markets of those securities and are, therefore, not prohibited by our Code of Ethics; and



- Open-end mutual funds are bought and sold at a set price per share on the date of purchase or redemption and, as such, employee or firm transactions in open-end mutual funds are not likely to have an impact on the prices of the fund shares in which clients invest, and are therefore not prohibited by our Code of Ethics;
- Where exchange listed securities or fixed-income trades on behalf of an employee or the firm for its own account are included with or traded on the same day as trades in the same securities for client accounts, and a trade order is not completely filled, the employee account or firm account will be the first orders dropped out of the allocation;
- The firm and its employees are not allowed to trade in publicly held companies that are clients of the firm;
- At no time will an employee of the firm, or the firm for its own account, trade ahead of a known client order.

## ITEM 12      **BROKERAGE PRACTICES**

**The Custodian and Brokers We Use:** We do not maintain custody of client assets that we manage or on which we advise, although we may be deemed to have custody of client assets if we have authority to withdraw assets from client accounts (see Item 15 – Custody, below). Client assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold client assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend Schwab as custodian/broker, clients will decide on their own whether to do so and will open accounts with Schwab by entering into an account agreement directly with them. We do not open the account for clients, although we may assist in doing so. Even though accounts are maintained at Schwab, we can still use other brokers to execute trades for client accounts as described below (see “Brokerage and Custody Costs”).

**How We Select Brokers/Custodians:** We seek to use a custodian/broker who will hold client assets and execute transactions on terms that are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:



- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Capability to execute, clear, and settle trades (buy and sell securities for client accounts)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds [ETFs], etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, experience, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below (see “Products and Services Available to Us From Schwab”)

**Brokerage and Custody Costs:** For our clients’ accounts that Schwab maintains, Schwab generally does not charge separately for custody services but is compensated by charging commissions or other fees on trades that it executes or that settle into Schwab accounts. (Optionally, for some accounts, Schwab may charge a percentage of the dollar amount of assets in the account in lieu of commissions; among our clients this arrangement exists for just one). In addition to commissions or asset-based fees, Schwab charges a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into client accounts at Schwab. These fees are in addition to the commissions or other compensation paid by clients to the executing broker-dealer. Because of this, in order to minimize trading costs for clients, we have Schwab execute almost all trades for client accounts. We have determined that having Schwab execute most trades is consistent with our duty to seek “best execution” of client trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above (see “How We Select Brokers/Custodians”).



**Products and Services Available to Us From Schwab:** Schwab Advisor Services™ (formerly called Schwab Institutional®) is Schwab's business serving independent investment advisory firms like ours. They provide us and our clients with access to its institutional brokerage, trading, custody, reporting, and related services, many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Schwab's support services generally are available on an unsolicited basis (meaning we don't have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab's support services:

- **Services That Benefit Our Clients.** Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some of which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit clients and client accounts.
- **Services That May Not Directly Benefit Our Clients.** Schwab also makes available to us other products and services that benefit us but may not directly benefit our clients or their accounts. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also makes available software and other technology that:
  - Provide access to client account data (such as duplicate trade confirmations and account statements)
  - Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
  - Provide pricing and other market data
  - Facilitate payment of our fees from our clients' accounts
  - Assist with back-office functions, recordkeeping, and client reporting



- **Services That Generally Benefit Only Us.** Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:
  - Educational conferences and events
  - Consulting on technology, compliance, legal, and business needs
  - Publications and conferences on practice management and business succession
  - Access to employee benefits providers, human capital consultants, and insurance providers

Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits, such as occasional business entertainment of our personnel.

Currently, we use nearly all of the services Schwab provides with the exception of employee benefits providers, human capital consultants and insurance providers.

**Our Interest in Schwab's Services:** The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We do not have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that clients maintain their accounts with Schwab, based on our interest in receiving Schwab's services that benefit our business rather than based on our clients' interest in receiving the best value in custody services and the most favorable execution of their transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services (see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us. We have more than \$50 million in client assets under management at Schwab Advisor Services™, and we do not believe that recommending our clients to collectively maintain at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

We do not receive referrals from any broker-dealer.



We do not have any directed brokerage arrangements.

Mutual fund transactions for each client account usually are made independent of other client accounts as there is no benefit from either an execution or commission perspective to aggregate or combine those trades. Equity (stock and ETF) trades often, but not always, are placed for several clients at one time within a trading session. These trades are then averaged as to price and allocated in proportion among those client accounts. We do not receive any additional compensation as a result of the aggregation of these trades.

We do not combine equity trades when they are being executed on behalf of only an individual client rather than a group of clients. Clients pay the same commission or transaction charges regardless of whether their trades are aggregated.

## **ITEM 13    REVIEW OF ACCOUNTS**

**Periodic Reviews:** Client accounts are reviewed on at least a quarterly basis. Factors that may be reviewed include conformance to the investment policy statement, client objectives, asset allocation, and portfolio and individual security performance. Reviews with clients are conducted on at least an annual basis and in most cases more frequently. During client reviews we also discuss any changes in client circumstances which may affect their investment objectives.

**Other than Periodic Reviews:** We review accounts on an other than periodic basis:

- when we learn of a client's change of investment objectives or financial situation
- when there are deposits or withdrawals to the account and securities need to be bought or sold
- for tax considerations
- when there is news of a change in an investment product in which the client is invested
- or when the client requests

**Content and Frequency of Reports:** Clients receive monthly statements from their custodian which show previous balance, transactions for the period, and holdings as of the end of the period. We also provide most clients with quarterly performance data. Periodically we provide clients with realized and/or unrealized gain and loss information or other data as they may request.



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

While we receive many client referrals from existing clients, accountants, attorneys, friends and other sources, we do not directly or indirectly compensate any person who is not an employee for client referrals.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors whose clients maintain their accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## **ITEM 15    CUSTODY**

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive account statements directly from Schwab at least quarterly. They will be sent to the email or postal mailing address you provided to Schwab. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements to the periodic portfolio reports you will receive from us. We have limited custody of some of our clients' funds or securities when we have been authorized to deduct our investment management fees directly from the client's account. The custodian does not verify the accuracy of our investment management fee calculation. Clients are encouraged to review their quarterly statement of investment management fees and contact us with any questions.

## **ITEM 16    INVESTMENT DISCRETION**

We will accept discretionary authority to manage securities accounts on behalf of clients including the authority to determine the quantities, timing, and specific securities to be bought and sold in client accounts. Clients may limit our discretionary authority by informing us in writing of:

- specific securities they wish to buy (or hold)
- specific securities they wish to sell (or not hold)



- specific security types they wish to buy (or hold)
- specific security types they wish to sell (or not hold)
- cash restrictions

Clients will sign a limited power of attorney form with their custodian granting us trading authority over their accounts. They will also acknowledge granting us discretionary authority within the Investment Advisory Agreement they sign with our firm.

## **ITEM 17 VOTING CLIENT SECURITIES**

We do not have nor will we accept authority to vote client securities. Clients may obtain a copy of our proxy voting policies and procedures by calling the contact listed on the cover page of this document.

Clients will receive their proxies and other solicitations directly from their custodian and should direct all proxy-related questions to the issuer of the security.

## **ITEM 18 FINANCIAL INFORMATION**

We are not aware of any financial condition we might have that is reasonably likely to impair our ability to meet our contractual commitments to clients relating to our discretionary authority over certain client accounts.

We have not been the subject of a bankruptcy petition at any time.

## **ITEM 19 REQUIREMENTS FOR STATE REGISTERED ADVISERS**

**Larry Meyer** (CRD number 01783554) was born in San Francisco, California in 1949, and attended Stanford University where he earned a degree in Psychology in 1970. He continued his education at Hastings College of the Law where he earned a Juris Doctorate in 1975. Larry practiced law in Alaska, Montana and California until approximately 1992; while he still holds his licenses in Montana and California, he no longer practices. He has been an investment advisor representative since 1992, and has shared majority ownership of Horizon Asset Management, LLC since October 1999.



**Holli Lofgren** (CRD number 02739272) was born in Seattle, Washington in 1957. She began working immediately out of high school in 1975 and has not yet availed herself of formal education. She worked in the legal industry from 1978 until 1995; she became a registered investment advisor representative in 1997, and in 1999 became a registered investment advisor. Holli has shared majority ownership of Horizon Asset Management, LLC since October 1999.

**Kate Holmes** (CRD number 05542335) was born in Edmonds, Washington in 1983. She graduated from the Royal Melbourne Institute of Technology in Melbourne, Australia with a Bachelor of Arts degree in 2006. Kate holds the CERTIFIED FINANCIAL PLANNER™ (CFP®) designation issued by the Certified Financial Planner Board of Standards, Inc. Upon graduation from RMIT, she came to work at Horizon Asset Management in January 2006 as an operations specialist. She has held the position of operations manager and education specialist since 2007, and became a registered investment advisor representative in March of 2008.

**Certified Financial Planner Board of Standards, Inc.:** The CFP® certification process requires the completion of education, examination, experience and ethics components. To take the CFP® Certification Examination, applicants must have completed a CFP Board-Registered Program. Passing the CFP® Certification Examination assures the public that the CFP® certificant has met the level of competency appropriate for professional practice. CFP® certification also requires candidates hold a bachelor's degree (or higher), have three years of full-time relevant personal financial planning experience, agree to adhere to CFP Board's *Code of Ethics and Professional Responsibility, Rules of Conduct and Financial Planning Practice Standards*, and complete 30 hours of continuing education every two years.

There is no disciplinary information to report. There is no other business activity to report.

None of the listed supervised persons receives compensation other than in their roles as investment advisor representatives at Horizon Asset Management, LLC.

## **SUPERVISION**

Holli Lofgren, as the firm's compliance officer, supervises all personnel. She can be reached at 800-568-8213. As the compliance officer, she reviews and monitors all investment activity of the firm including individual accounts to ensure that they meet the investment objectives of the particular client, marketing literature and email sent to and from clients; and the personal trades of each supervised person. We are all bound by our written Code of Ethics which, among other things, sets forth policies and



procedures aimed at preventing abusive practices. All supervised persons have reviewed our Compliance Manual which sets forth policies and procedures designed to prevent violations of the Advisers Act or the rules that the SEC has adopted under the Advisers Act.