



Honu Wealth Management

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www.HonuWealth.com

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This Brochure provides information about the qualifications and business practices of Honu Wealth Management ("Honu"). If you have any questions about the contents of this Brochure, please contact us at 650.917.3400 or info@HonuWealth.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.

Honu is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Honu also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Annual Update

This annual updated was published in January 6th, 2012. Our original brochure was published March 31, 2011.

We updated the assets under management in Item 4. No other material changes were made.

A copy of our brochure may be requested by contacting Garth Williams, Chief Compliance Officer at 650.917.3400 or Service@HonuWealth.com. Our Brochure is also available on our web site www.HonuWealth.com free of charge.

Additional information about Honu is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Honu who are registered, or are required to be registered, as investment adviser representatives of Honu.

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Item 4 – Advisory Business

Honu Wealth Management is a sole proprietorship owned by Garth A. Williams. It was formed in 2006. Prior to forming Honu, Garth spent twelve years in the financial services industry dually registered as an investment advisor and broker-dealer representative.

Honu offers three primary services: financial planning, investment supervisory services, and wealth management.

Financial Planning

The first step in the financial planning process is a meeting with you, the client, to determine the scope of the engagement. At this meeting we will discuss what's important to you and, if necessary, help refine your financial goals. We will explain our service and determine if there is a fit between your needs and our services. If we both agree we will then enter into a Financial Planning Agreement, including the terms of the engagement and the fees to be charged.

Through subsequent communications and meetings, Honu will learn in more detail about your financial situation and goals and typically review a draft financial plan with you. A written financial plan will usually be presented to you at the third meeting detailing the findings of the analysis and giving you a specific action plan to help achieve your goals.

We will help you coordinate the implementation of any recommendations made, including referral to other practicing professionals whose services may be required (Attorneys, Accountants, etc). You are under no obligation to use Honu to implement any recommendations.

Investment Supervisory Services

Investment supervisory services are primarily offered on a discretionary basis, though they may be offered on a non-discretionary basis, as determined by you. Investment advice and monitoring of securities are provided on an ongoing basis.

As of December 31, 2011 Honu Wealth Management managed \$26,000,000 on a discretionary basis and \$8,500,000 on a non-discretionary basis calculated using the method of Item 5F of Form ADV, Part 1A of the Securities and Exchange Commission

Reasonable restrictions on the type and/or individual securities are accepted by Honu.

Wealth Management Services

Wealth Management Services combine financial planning and investment supervisory services (described above) for a fixed annual fee to further eliminate the potential conflicts of interest between you and Honu when providing investment supervisory services and financial planning. (i.e. If you are paying Honu for investment supervisory services and request advice about paying off your mortgage, Honu has an incentive to keep your financial assets where it gets paid instead of paying down the mortgage where it will not be paid for those assets anymore.) Financial Planning is offered on an as requested basis for Wealth Management clients without additional costs. Investment supervisory services are offered on those accounts where the client has authorized Honu to do so without regard to account size.

Item 5 – Fees and Compensation

Honu does not receive any compensation for the sale of securities or other investment products. Clients are responsible for all brokerage fees and mutual fund expenses for their accounts. This ensures that Honu has no incentive to recommend certain investment products to clients for any reason other than the client's needs.

Financial Planning Fees

Honu prepares Financial Plans on a fixed fee or hourly basis. Fixed fees range from \$1,000 to \$10,000, or higher, depending on the complexity and comprehensiveness of the plan. A down payment is due and payable upon execution of the Agreement and any remaining balance is due upon delivery to the client of all written reports and recommendations. The prepaid portion of the fee is fully refundable within five (5) working days from the date of the execution of the agreement if requested in writing by the Client. After five (5) working days, an hourly charge of \$300 will be deducted from any refund prior to the completion of the selected reports for services rendered. Once all reports and recommendations are delivered to the client, no refund will be made, and the balance of the quoted fee up to the stated maximum will be due and payable to Honu.

Hourly rates range from \$200-\$400, for plan development or consultation, depending on the nature and complexity of each client's circumstances, as well as the individuals involved in the planning process. An estimate of total hours will be determined at the start of the planning engagement. Hourly fees will be charged monthly in arrears, or at the completion of the plan.

Investment Supervisory Fees

The following schedule establishes the fee payable by Clients for investment advisory services:

Account Size	Quarterly Fee*	Annual fee
<= \$1,000,000	0.25%	1.00%
> \$1,000,000	Negotiable	

*A minimum quarterly fee of \$500 will be charged per household.

The advisory fee will be payable in advance on a quarterly basis. Fees for investment advisory services may be higher or lower than comparable services offered elsewhere. The initial fee will be calculated from the date of this agreement or when the account(s) is/(are) funded, to the end of the quarter. Subsequent fees will be based upon the total asset value of client's account(s) at the end of the previous calendar quarter. Fees are due and payable the next business day.

Wealth Management Fees

One quarter (1/4) of the annual fee is due and payable upon signing the Wealth Management Agreement. Each subsequent quarterly fee is due and payable on the first day of the quarter. The initial term of the Agreement is one (1) year and shall automatically renew thereafter for successive periods of one (1) year each until terminated by Honu or Client. If the client chooses to terminate the agreement in the first year, the full annual fee is then payable to Honu. After the first year, the Client will not be responsible for quarterly payments beyond those when Honu last provided services to the client. Honu generally requires a minimum quarterly fee of \$1,000 per client. Honu, at its sole discretion, may reduce its minimum fee and/or charge a lesser fee.

Clients may incur charges imposed by custodians, brokers, third party investment managers and other third parties such, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Honu's fee.

Item 12 further describes the factors that Honu considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

Honu does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). These fees create a conflict of interest by providing an incentive to the investment advisor to favor performance based accounts over non-performance-based accounts and therefore we do not offer them.

Item 7 – Types of Clients

Honu provides investment advice to individuals, trusts, and pension plans.

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

Our investment strategies are based on the overwhelming body of academic research showing that active management does not pay and accepting the capital markets rates of return. We use an asset allocation approach tied to each individual client's goals and situation. The risks the client will be exposed to is therefore dictated by their needs. Most clients will have a mix of stocks, bonds and cash each with their own risks. Investing in securities involves risk of loss that clients should be prepared to bear.

Item 9 – Disciplinary Information

Honu has no legal or disciplinary events to report.

Item 10 – Other Financial Industry Activities and Affiliations

Investment Advisor Representatives (IARs) are individually licensed as insurance agents. IARs may recommend the purchase of insurance products that will earn them a commission. The client is under no obligation to use the IAR as their insurance agent. IARs spend less than 1% of their time on insurance transactions and insurance commissions accounted for less than 0.2% of Honu's 2011 revenue.

Tom Chun is an enrolled agent and as such provides tax preparation services for some client's of Honu. This is a separate service that poses no conflict of interest and can in fact work to the client's benefit by streamlining tax preparation and investment services for clients who are so inclined. Tom spends approximately 20% of his time on his tax practice.

Item 11 – Code of Ethics

Honu has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Honu must acknowledge the terms of the Code of Ethics annually, or as amended.

Subject to satisfying this policy and applicable laws, officers, directors and employees of Honu may trade for their own accounts in securities which are recommended to and/or purchased for Honu's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of Honu will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between Honu and its clients.

Honu's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Garth Williams at 650.917.3400.

Item 12 – Brokerage Practices

Clients are free to select any broker they wish, and are so informed. If the client directs Honu in writing to use a particular broker or dealer to execute transactions for the client's account, the client is responsible for negotiating terms and arrangements with that broker/dealer.

If a client does not have a preferred broker, Honu generally recommends Raymond James Financial Services (RJFS), a widely recognized broker/dealer. The primary factors considered in Honu's decision to recommend RJFS include the quality and breadth of the products and services it offers to clients, brokerage and technology. Honu can more effectively monitor and report on client accounts if transactions are made through RJFS. It may be the case that RJFS charges a higher or lower fee than another broker charges for a

particular type of service, such as transaction fees. Clients may utilize the broker/dealer of their choice and have no obligation to purchase or sell securities through RJFS.

Honu does not use "soft dollar" arrangements to obtain research, products and/or services from brokers.

Item 13 – Review of Accounts

For Investment Advisory and Wealth Management clients, Investment Adviser Representatives (IARs) continuously monitor accounts to identify situations that may warrant specific actions be taken on behalf of a client's investments or their overall portfolio. Such reviews include, but are not limited to, suitability, performance, asset allocation, change in investment objectives, risk tolerance and concentration.

Honu reviews the mutual funds and other investment vehicles that we recommend to clients on a monthly basis for performance and suitability.

At least quarterly, clients receive a brokerage statement from their custodian. The brokerage statement contains the cash balance, type, name and amount of each security, the current market value of each security, account activity for the period, and when available, the unrealized gain or loss of each security. The client also receives a confirmation of each transaction from their custodian.

In addition, Honu prepares an Annual Performance Summary of client's account(s) showing net contributions and withdrawals, dollar gain or loss, and dollar-weighted rate of return for the year (if we have the data available).

Item 14 – Client Referrals and Other Compensation

Honu does not accept any compensation from anyone for client referrals and does not provide any compensation to anyone for client referrals.

Item 15 – Custody

Clients receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains their assets. Honu urges you to carefully review such statements.

Item 16 – Investment Discretion

Honu usually receives discretionary authority from clients at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Honu observes the investment policies, limitations and restrictions of the clients for which it advises. Investment guidelines and restrictions must be provided to Honu in writing.

Item 17 – Voting Client Securities

Honu does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Honu may provide advice to clients regarding the clients' voting of proxies.

Item 18 – Financial Information

Honu has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of any bankruptcy proceeding.