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This brochure provides information about the qualifications and business practices of Harrison & Company Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at: (540) 204-9310 or by email at: [bruce.harrison@investharrison.com](mailto:bruce.harrison@investharrison.com). Information presented 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 Harrison & Company Wealth Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

***Material Changes:*** *There has been one material change to this brochure since the last annual update on March 24, 2012. Bruce H. Harrison, Managing Partner of Harrison & Company Wealth Management, LLC, discontinued his relationship with Purshe Kaplan Sterling Investments on May 21, 2012. This relationship previously existed to accommodate the insurance needs of a limited number of clients. The firm now refers clients to other professionals for their insurance needs.*

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## Advisory Business

Harrison & Company Wealth Management, LLC (hereinafter referred to as “Harrison & Co.”) is a full service Wealth Management firm that began operations on May 22, 2009 and is not affiliated with any bank, brokerage firm, insurance company or mutual fund company. The firm is owned solely by the founding partner, Bruce H. Harrison. Mr. Harrison’s spouse, Elizabeth N. Harrison, is a non-equity partner in the firm and is the firm’s Chief Compliance Officer.

Services provided to clients include portfolio management, advising on tax strategies, personal financial planning, asset protection planning, insurance planning, trust & estate planning, and consulting on 401(k) plans.

The Wealth Management process typically involves meetings and discussions with clients to establish goals and appraise assets. Thereafter, we prepare financial analyses, develop recommendations, present these recommendations to clients during subsequent meetings/discussions with clients, and finally implement the agreed-upon plans. We meet regularly with clients to review progress against goals and objectives as well as to measure portfolio performance.

With regard to the investment portion of a client’s assets, Harrison & Company offers clients a number of investment strategies, including those that are focused on specific asset classes. Examples of asset class strategies that may be offered include Large Cap Stocks, Dividend Stocks, Small-Mid Cap Stocks, International Stocks, Commodities, Bonds, Gold & Precious Metals, Strategic Bonds and Cash Reserves.

Clients have the ability to select any combination of strategies that are then combined to create a client’s portfolio. Clients also may request that Harrison & Company Wealth Management recommend combinations of strategies based on the results of the client’s Wealth Management Plan or on a client’s risk tolerance, growth objectives and income needs.

Clients may impose restrictions on the purchase and/or sale of securities. Typically, this restriction is used by clients with assets that they owned prior to becoming clients of Harrison & Company, and which they do not wish us to sell. Examples include community bank stocks, concentrated stock positions, stocks with sentimental value and so forth.

Clients may also impose restrictions on investing in certain securities or types of securities although such restrictions may have the effect of limiting the client’s access to certain investment strategies that contain the restricted security.

As of March 15, 2012, Harrison & Company managed \$44,200,000 in assets on a discretionary basis and another \$1,700,000 in assets on a non-discretionary basis.

## **Fees & Compensation**

Harrison & Company believes in complete fee disclosure and transparency in our compensation practices. The firm does not charge or accept any commissions or inducements of any kind from mutual fund companies, brokerage firms, private placement dealers, bond dealers or other similar financial intermediaries for investment services provided to clients.

Clients are charged a fee for portfolio management services that is calculated as a percentage of assets under management. Fees are charged daily, monthly, or quarterly, in advance, based on the value of each account under management as of the last day of the prior billing period. For example, an account on monthly billing is billed for February services based on the January 31 balance.

Fees for new accounts are pro-rated based upon the time during the billing period when Harrison & Co. had investment responsibility for the account(s) and billed in arrears. The prorated fee is simply carried forward and added to the fee for the next billing period.

Fees for accounts at our primary asset custodian, Trust Company of America, are billed monthly while fees for accounts held at other custodians are billed either daily, monthly, or quarterly depending upon the custodian's practice, using end-of-period values. In cases where a client has assets at multiple custodians, a client may have a combination of fees billed daily, monthly, and quarterly.

Clients may elect to have the advisory fee for one account charged to another account; this is a practice known as "cross-billing." This option is often chosen by parents wanting to pay their children's account fees or to shift the fees for a retirement account to a taxable investment account so as obtain better tax deductibility on the fee paid and not to diminish the value of a tax-advantaged account.

Subject to limited exceptions, advisory fees are deducted directly from each client's account or a client's separately designated account (if being "cross-billed"). The main exception to this process is for accounts established as self-directed investment accounts within a 401(k) and/or profit sharing plan. Clients with these accounts may elect to have quarterly invoices sent to the 401(k) or profit sharing plan administrator for payment. In this situation, the plan administrator will issue payment to Harrison & Company and make arrangements with the client regarding reimbursement of the fees; clients will not see a debit to their self-directed investment account.

Clients may terminate their advisory agreement contract with Harrison & Company at any time with written notice, signed by the account holder. Such notice may be delivered by mail, fax, or as an attachment to an e-mail. In the event that a client terminates his or her contract, the client shall be entitled to a refund for any whole-month pre-paid fees. For example, a client with a quarterly-billed account that terminates his contract in mid-February would be entitled to a refund of fees for the month of March. A client on monthly billing would be entitled to no refund as the client pays month-to-month for Harrison & Co. advisory services.

The standard annual fee for portfolio management is 1.25% of the value of assets managed, with a minimum annual fee of \$2,500.00. Fees are negotiable in special situations.

In addition to fees paid to Harrison & Company for investment advisory services, clients also will pay additional charges to the asset custodian for custodial services and trade execution. Fees will vary depending on the asset custodian. Please refer to the Brokerage Practices section of this brochure for more details.

Harrison & Company prefers to use individual securities in client accounts whenever possible. However, the firm also occasionally may purchase mutual funds, Exchange Traded Funds (“ETFs”), Exchange Traded Notes (“ETNs”), or other similar investment vehicles in client accounts based on the client’s need for liquidity, asset diversification, or access to hard-to-reach asset classes (e.g., corn). Clients with mutual funds, ETFs and ETNs in their accounts will incur additional charges that are charged directly by the mutual fund/ETF/ETN company; these fees are disclosed in the investment’s prospectus.

Harrison & Company also charges project and hourly fees for expert testimony, financial analyses, pension consulting and similar special engagements. Partners’ fees are \$300/hour, non-partner advisors’ fees are \$200/hour and support staff’s rates are \$100/hour.

## **Performance-Based Fees and Side-by-Side Management**

Harrison & Company does not offer performance based fees, flat fees or hourly fees for portfolio management services.

## **Types of Clients**

Harrison & Co. typically works with individual clients, trust accounts and 401(k) plans. In order to preserve the high level of attention and service provided to each client, Harrison & Company must necessarily limit its number of clients. Accordingly, clients generally are required to establish household relationships with asset values of at least \$250,000. Multiple accounts within a household may be combined to meet this minimum. The partners of Harrison & Co. are allowed to waive this minimum under limited circumstances.

## Methods of Analysis, Investment Strategies and Risk of Loss

**WARNING:** Investing in securities involves risk of loss that clients should be prepared to bear.

Harrison & Co. uses a goal oriented approach to portfolio management. Each client's asset allocation mixture is determined either as a result of a detailed financial planning process that determines the rate of return necessary to fund a client's goals or through a discussion with a firm partner concerning the client's goals, risk tolerance, investment experience, and financial condition. A client's mix of stocks, bonds, cash, real estate and commodities will depend on the client's need for income and growth as well as the client's willingness to tolerate fluctuations in the value of the account (often referred to as risk). Individual stocks form the backbone of most portfolios.

Once we determine a client's ideal asset allocation mix, that asset mix serves as a guideline for the *long-term* management of the account. The firm may deviate from this established mix based on economic or market conditions such as perceived opportunities and/or concerns about market risk. The firm uses chart analysis – often called technical analysis – as a primary method of determining the overall trend of the stock market and a basis upon which to overweight stocks versus other asset classes. The firm also heavily relies on market data services, the financial media and investment research services in the formulation of an overall market opinion that drives asset class selection at the firm and client level.

Stocks are selected, monitored and retained by examining each company's sales, earnings and cash flow trends. Stocks with growth in all three areas are considered attractive whereas stocks with declining sales, earnings and/or cash flow are considered less desirable. The firm uses a proprietary system to identify stock issues that meet these conditions. Stocks passing this initial quantitative review are then further evaluated and ranked based on a cash flow based valuation methodology.

As a final qualitative check, the firm reviews the research reports of independent 3<sup>rd</sup> party analysts with expertise in each sector and industry group. These reports are used to both validate ideas as well as review the quality of a each company's management, management strategy, competitive position, and earnings outlook.

Stocks are typically allocated within economic sectors in a proportion similar to that of a reference benchmark. At times, the firm may slightly over or under weigh a particular industry or sector based on the firm's overall viewpoint about each sector and industry.

Stocks in and of themselves represent ownership interests in a publicly traded companies and as such expose the client to both the benefits and risks of ownership. Risks include business strategy risk, competition, consumer preferences, management risk, regulatory risk, legal risk and financial risk. Furthermore, stock values do not always track company values in that stocks are traded in the public marketplace and as such are subject to the laws of supply and demand which, at times, can cause the value of a stock to fluctuate significantly.

Bonds are chosen for clients primarily as a source of income and to dampen portfolio volatility. Bonds are chosen for clients based on Harrison & Co.'s view on the future direction of interest rates, credit conditions around the world, and the attractiveness of differing types of bond instruments. Bonds are subject to risks including reinvestment risk, interest rate risk, default risk, and liquidity risk. For the most part, Harrison & Co. pursues a total return strategy in the selection, monitoring and retention of bonds and does so through the use of Exchange Traded Funds and mutual funds instead of individual bonds. Unlike individual bonds, ETFs are open-ended in nature and have no specified maturity date at which the client might receive full return of principal.

In addition to corporate, government, agency, mortgage-backed, inflation-protected, and municipal bonds, Harrison & Company also offers a bond strategy we call "Strategic Bonds" which may offer higher rates of return or income. Examples of Strategic Bond holdings include foreign bonds, bond derivative products, high yield bonds, preferred stock, convertible bonds and foreign bonds. Purchasing non-traditional types of bond instruments exposes clients to additional risks such as default risk, corruption risk, counterparty risk, currency risk, interest rate risk, and political risk.

For Real Estate Investment Trust ("REIT") portfolios, the firm uses a quantitative analysis to select securities that offer a good combination of income and growth potential. As expected, this analysis considers multiple analyst target prices and current income yields. Again, analyst reports are used to validate or confirm selections, but the primary selection tool utilized is quantitative analysis.

For Commodity portfolios, the firm's outlook on the price of agricultural, industrial, energy, and precious metal assets is based upon a combination of factors such as inflation expectations, interest rates, stock market risk, global supply and demand, and currency rates. These factors are the basis for the firm's allocation of these asset classes within portfolios. Commodities are inherently a volatile asset class which can and probability will fluctuate significantly over time. For this reason, Harrison & Company uses commodities primarily as an inflation hedge and not as a primary investment strategy.

Commodity portfolios are purchased primarily through the use of Exchange Trade Notes. ETNs offer a cost effective, non-leveraged way to invest in commodities without the use of futures. While ETNs offer a rate of return that is tied to commodity prices, the ETN itself is a derivative instrument issued by a securities firm and does not actually, with only rare exception, offer pass-through ownership of the commodity itself. For this reason, ETNs present additional risks of tracking error and counterparty risk that are not present if the commodity is purchased directly using futures.

Cash Reserve portfolios are primarily invested in highly liquid securities that may include certificates of deposit, money market funds, short term treasury ETFs, short term bond ETFs, floating rate bond ETFs and similar instruments with short time period maturities or relatively high asset stability. Capital preservation is the primary goal of the Cash Reserve strategy; of course, since the portfolio consists of short term investments rather than cash, there is always some risk to principal.

## **Disciplinary Information**

Harrison & Company Wealth Management, LLC, its principals and its managers have not been subject to:

- Any criminal or civil action in a domestic, foreign, or military court of competent jurisdiction.
- Any administrative proceeding before the United States Securities and Exchange Commission (SEC), any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- Any self regulatory organization (SRO) proceeding.

## **Other Financial Industry Activities and Affiliations**

Harrison & Company Wealth Management, LLC and its employees have no relationships or arrangements with other financial service companies that pose material conflicts of interest. The firm and its employees are not registered as a securities broker-dealer or as a representative of a securities broker-dealer. The firm and its employees have no arrangements of any kind with a broker-dealer, investment company, other investment advisor, financial planning firm, pension consultant, commodity pool operator, commodity trading advisor, futures commission merchant, banking or thrift institution, law firm, accounting firm, insurance company or agency, real estate broker or dealer, or a sponsor or syndicator of limited partnerships, that are material to its investment advisory business or its clients.

Harrison & Company does not recommend or select other investment advisors for its clients. As such, the firm receives no direct or indirect compensation for such services and is subject to no potential conflicts of interest created thereby.

## **Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading**

Harrison & Co. requires that all employees adhere to a strict code of ethics. The firm has adopted a code of ethics pursuant to SEC rule 204A-1 that, among other things prohibits the following:

- Employees must maintain their personal investment accounts with Harrison & Co.
- Employees are prohibited from trading on any material nonpublic information – also known as insider trading.
- Employees are prohibited from engaging in “short-swing” trading and market timing.
- Employee’s trades must always occur either concurrent with or after client transactions, or in such a way that favors the client over the employee.
- Purchases of securities other than on the firm’s approved list must be pre-approved by the Chief Compliance Officer.
- Initial Public Offerings must be offered to clients prior to employees



A copy of the firm's Code of Ethics is available upon request to any client or prospective client.

In the interest of fairness, Harrison & Co. does not recommend to clients, or buy or sell for client accounts, securities in which the firm, its employees or related persons have a material financial interest.

Employees are expected to invest their money alongside client money utilizing the same strategies and portfolios as offered to clients. To ensure fairness, employee orders are batched with client orders and submitted to our executing broker as a large "omnibus" trade. This practice ensures that all clients and employees receive the same average price for the security and that no client or employee is favored over another.

## **Brokerage Practices**

Harrison & Company considers a number of factors in the selection of broker-dealers for client transactions, including the quality of trade execution, trading platform efficiency, execution speed and ease of doing business. Compensation and trade execution quality are measured through an annual quality of execution audit that is provided by the custodian.

Harrison & Company receives no research or soft-dollar benefits from any broker-dealers. The firm is provided with the standard software needed to transmit orders to the broker-dealer and to service client accounts.

Harrison & Company receives no referrals from any broker-dealer or related third party.

Harrison & Company requires that clients direct Harrison & Company to execute transactions through a specified broker-dealer – usually Interactive Brokers or BNY ConvergeEx – a Bank of New York affiliate. This practice ensures that all client accounts can be traded with speed and efficiency and that all client orders can be batched into large trades that may obtain better execution than smaller trades, while also ensuring that all clients obtain the same price on a trade. By always sending the trades to one broker-dealer, it is theoretically possible that clients may end up paying more for trades than if each trade was shopped at the time of execution with multiple broker-dealers. Harrison & Co. believes this potential risk is mitigated through periodic evaluations of trade execution quality and price versus other options.

## **Review of Accounts**

Client accounts are reviewed with each client no less than annually. This review includes a review and discussion of the economy, stock market, performance of the portfolio against appropriate benchmarks, and investment strategies for the upcoming twelve months. Clients also are offered a separate annual Wealth Management review to assess their progress against financial goals and objectives. Reviews are conducted by a trained financial advisor or a firm partner.

Clients are provided written quarterly performance reports that provide a comprehensive review of the performance of each account and each security owned by the client. These performance reports are in addition to the monthly or quarterly custodian statements, which also present information regarding investment gains and/or losses.

Harrison & Company utilizes a number of pre-selected model-based investment portfolios which are regularly monitored. In the event of a change to a portfolio, the change is implemented automatically across all client accounts invested in one of these models. This practice ensures that the assets in client portfolios receive regular and constant attention since firm partners actively monitor the various investments offered through these model portfolios.

Harrison & Company does not utilize its usual quantitative analysis assessment tools for securities that are not part of the firm's model portfolio system. Instead, the firm utilizes an alert system to notify it of material changes in prices or the issuance of new analyst reports. Harrison & Company reviews these alerts and contacts clients with buy and sell recommendations when appropriate. Harrison & Company does not allow accounts over which it does not have investment discretion to be in the model portfolios. Accordingly, the assets in these accounts are monitored using this alert system.

## **Client Referrals and Other Compensation**

Harrison & Co. accepts no compensation from non-clients in exchange for providing clients investment advice. All investment compensation is derived solely from fees charged to clients. The firm also does not pay anyone to refer clients to it. Clients can be assured that all referrals to Harrison & Company by existing clients or other third parties are genuine in nature.

## **Custody**

Harrison & Co. does not take custody of client assets. Clients account assets are held at one of the firm's qualified custodians such as Trust Company of America, Interactive Brokers, Jefferson National, or MG Trust Company. Clients are encouraged to review their account statements and compare them to the quarterly performance reports issued by Harrison & Company.

## **Investment Discretion**

Harrison & Co. believes that the investment strategies it follows will, over time, produce the best investment results for clients. For this reason, the firm strongly encourages clients to allow it to exercise discretion over client accounts for the limited purpose of executing trades within client accounts. Limitations on this discretionary authority are permitted in limited circumstances (e.g., a "don't sell Grandma's bank stock"). Investment discretion is granted to Harrison & Co. via the client's execution of the firm's Investment Advisory Agreement.

## **Voting Client Securities**

Harrison & Co. will not vote a client's proxies in regards to securities. Clients will receive directly from the custodian or transfer agent all proxy notices for each security they own. Given the high volume of proxies received and the extensive due diligence required to evaluate each proxy, Harrison & Co will not advise clients as to how to vote their proxies.

## **Financial Information**

Harrison & Co. does not have any financial impairment or condition that might preclude the firm from meeting its obligations or contractual commitments to clients. Furthermore, neither the firm nor its principals have ever been the subject of a bankruptcy petition.

All client assets are held separately from and are not commingled with the corporate assets of Harrison & Company. To ensure the safety of client assets, all client funds are kept at third party custodians. For accounts for which the firm has investment discretion, that discretion is limited to the purchase and sale of securities within the account and does not allow the firm to withdraw funds from client accounts.