



HARBOR WEALTH MANAGEMENT, INC.

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BROCHURE

FORM ADV, PART 2A

May 30, 2012

This Brochure provides information about the qualifications and business practices of Harbor Wealth Management, Inc. If you have questions about the contents of this Brochure, please contact us by email at jburandt@HWMinc.com, or by telephone at (972) 897-6500, or by mail at the address above. 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 Harbor Wealth Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov, either by searching our firm name or our firm IARD number, 150766.

Harbor Wealth Management, Inc. is an investment adviser registered with the Texas State Securities Board. Registration with the Texas State Securities Board does not imply that Harbor Wealth Management, Inc. or any person associated with Harbor Wealth Management, Inc. has achieved a certain level of skill or training.



ITEM 2: MATERIAL CHANGES

This is Harbor Wealth Management, Inc.'s first Brochure as an investment adviser registered with the Texas State Securities Board (which we refer to as the "**Texas SSB**"). Previously, we were registered with the United State Securities and Exchange Commission. Our registration with the SEC ended in June 2012.

While registered with the SEC, we provided to our clients a Brochure that was substantially the same as this Brochure. Following is a summary of the material changes between this Brochure and the last annual update of our SEC Brochure dated March 31, 2011:

Changes Related to Change in Registration and Update of Services

We have updated the Brochure so that it reflects the change in our registration from SEC registration to registration as an investment adviser with the Texas State Securities Board. We have also generally updated the Brochure to remove any outdated references to programs or services we no longer offer.

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ITEM 4: ADVISORY BUSINESS

A. *Welcome to Harbor Wealth Management, Inc.*

1. **This Brochure**

We have prepared this Brochure to help our clients to understand our services, our fees and the other costs of participating in our investment program, and situations where our interests may conflict with the interests of our clients. These are just a few examples of the important information in this Brochure. ***The information in this Brochure is important; please take the time to read and understand it.***

You will notice that the Brochure discusses a number of different businesses (such as broker-dealers, custodians, and others) who provide separate, but important services for your account, such as executing and settling security trades, and maintaining custody of your assets. Take care to become familiar with these businesses and the services they provide. Each business has different legal, contractual, and regulatory obligations depending on (i) the type of business, (ii) the terms of your separate agreement with the business, and (iii) the specific product or service it provides.

If you have any questions, you can reach your HWM Representative at the email address, telephone number, or street address shown in the Brochure Supplement you received when you first began working with your Representative. You can also reach our senior management, including our Chief Compliance Officer, through the email address, telephone number, or street address shown on the front of this Brochure.

2. **Our Firm's Background & Ownership**

Harbor Wealth Management, Inc. ("HWM," "Firm," "we," or "us"), is a Texas corporation headquartered in Addison, Texas. We have been in business since 2009. Jeffrey M. Burandt is the only owner of 25% or more of HWM. Mr. Burandt serves as the Firm's President and Chief Compliance Officer, and is also registered as an investment adviser representative of the Firm.

In addition to his positions with HWM, Mr. Burandt is also registered as a representative of Worth Financial Group Inc. ("WFG"), an independently owned broker-dealer. Brokerage accounts for customers of WFG are held by one of WFG's clearing firms, Southwest Securities, Inc., or National Financial Services, LLC (referred to as the "Clearing Firms").

Mr. Burandt is also licensed as a certified public accountant in the State of Texas and may provide tax, accounting, or related professional services for separate compensation; provided, such services will be provided only as provided in writing with a client. Mr. Burandt is also a licensed insurance agent appointed by independent insurance companies to sell insurance products.

As discussed in Item 5 of this Brochure, Clients are not under any obligation to buy securities or insurance products recommended by Mr. Burandt, or to receive any tax, accounting, or related services from him. Clients may choose to buy such products or receive such services from third parties, if so desired. Clients should be aware of the economic incentive to recommend the purchase of securities, insurance, or other products and services may be influenced or based on the compensation Mr. Burandt will receive rather than on the needs of the client.



Clients are encouraged to contact the Firm at the address and telephone number shown in this Brochure, or WFG's Chief Compliance Officer, 16660 Dallas Parkway, Suite 1600, Dallas, Texas 75248, to discuss any questions about the products or services provided by HWM or WFG.

B. Investment Advisory Services

1. HWM Program

The "**HWM Program**" is a managed account program for clients seeking professional portfolio management services. Typically, we manage accounts on a discretionary basis; however, we may, in our discretion, agree to accept accounts on a non-discretionary basis.

Our process begins when the investment adviser representative assigned to you (referred to as the "**Representative**") obtains from you information about your personal and financial situation, and your account's investment objectives, financial goals, tolerance for risk, investment time horizon, and any reasonable restrictions you wish to impose on the account (this information is referred to as the "**Suitability Information**").

Generally, our investment strategies are comprised of two main components: a longer-term, strategic allocation component and a more market-specific, tactical allocation component. The strategic allocation component is based on the account's desired rate of return and seeks a mix of investments designed to achieve that rate of return over a full market cycle while minimizing volatility. The tactical allocation component is generally based on a closer examination of the valuations of the various underlying asset classes, such as fixed income versus equities, as well as investment sectors and style valuations. Both the strategic allocation and tactical allocation components are continuously monitored and analyzed, and will be adjusted as and when HWM deems appropriate, under prevailing market conditions.

Based on the Representative's discussions with you and the Suitability Information, HWM will identify securities of various asset classes and investment characteristics intended to achieve an appropriate balance between investment returns and risks that is suitable for the particular account, and will provide continuous and regular investment supervisory or management services for the account, in a manner intended to achieve the account's goals and objectives.

If you decide to participate in the HWM Program, you will be required to sign an "**Advisory Agreement**" with us and also establish an account with the Custodian. All Advisory Agreements must be approved by HWM. The Custodian or an affiliate of the Custodian may, if registered as a broker-dealer, also serve as the broker for the account.

Unless otherwise specifically agreed by us, accounts participating in the HWM Program will be discretionary accounts in which the client grants full discretion to us to select the investments, to designate the strategies, and to buy, sell, and otherwise invest account's assets, all without prior notice or consent of the client. Where a client has specifically negotiated a non-discretionary account, we will recommend to client the strategies and transactions for the account, but will obtain the client's consent prior to making investments for the account; provided, even for non-discretionary accounts, the client may provide written authorization for us to make certain investments without prior consent of the client under such circumstances as the client may specify.

We will have the authority and discretion to invest the assets of your account in any of the following types of securities: exchange-listed or over-the-counter, domestic or foreign, common or preferred stock; warrants; corporate debt securities; commercial paper; certificates of deposit; municipal securities; convertible stocks or bonds; shares of mutual funds, closed-end investment companies

or unit investment trusts; exchange-traded funds ("ETFs"); subaccounts of variable annuity or variable life insurance contracts (all "variable products"); U.S. Government securities; or options.

Without limiting our authority and depending on market conditions and individual account needs, HWM Program accounts will typically be invested in mutual funds, ETFs, subaccounts of variable products (if Client owns a variable annuity or insurance), cash, cash equivalents, and money market funds. In some cases, accounts may also invest in temporary "sweep" arrangements that provide for short-term investment of cash balances into money market or other mutual funds or bank accounts managed or maintained by the Custodian or an affiliate of the Custodian. The Custodian and any such affiliate will benefit economically from such sweep transactions and the investments in which the account's funds are invested.

Prospective clients should review and understand the risks, potential rewards, fees, and expenses of the mutual funds, ETFs, variable product subaccounts, sweep arrangements, and other prospective account investments before deciding to participate in the HWM Program.

Based on our discussions with you and the Suitability Information, we may recommend that the account designate a model portfolio that we (or a third party) construct and adjust from time to time to achieve specific investment objectives. A model portfolio consists of investments of various asset classes, having volatility and other characteristics that we believe appropriate towards achieving the overall investment objective of the model portfolio.

If you designate a model portfolio for your account, we will manage the account (and other client accounts for which the model has been designated) in a manner generally consistent with the model; however, due to differences in liquidity needs, individual needs and circumstances, and other individual account factors, there is no assurance that your account will achieve the same or similar performance or success as any other account.

We may change, add, or remove a model portfolio, without prior notice to you. If a model portfolio is changed or removed, we will manage the account according to the most similar remaining model, if any, and will notify you of such change; provided, for non-discretionary accounts, we will obtain client's prior consent, as required under the Advisory Agreement.

2. Prior Third-Party Adviser Program

We previously offered the "Third-Party Adviser Program" in which we selected third-party investment advisers who assisted us in managing client accounts pursuant to separate client agreements with the Firm and third-party advisers. We have not opened any new Third-Party Adviser Program accounts in many years and we no longer offer this program to new accounts. The only remaining account in the program continues to receive services and account information from its custodian and designated third-party adviser.

3. Securities for Which We Provide Advice

HWM offers advice regarding a wide variety of investment products, including:

- exchange-listed or over-the-counter debt or equity securities of domestic or foreign issuers;
- money market funds, open-end investment companies (mutual funds), closed-end funds, unit investment trusts, and exchange-traded funds ("ETFs");
- variable life insurance, variable annuities, and their investment subaccounts;

- certificates of deposit and municipal securities;
- securities issued by the US Treasury, agencies, or government sponsored enterprises; and
- option contracts on securities

The types of securities for which we offer advice are significantly more extensive than the types of investments we generally recommend to our clients. Please refer to Item 8 for information about the investments and strategies we recommend to clients.

C. Tailored Advisory Services & Client-Imposed Restrictions

We tailor our advice to your specific needs and objectives. The Representative will complete an account profile or questionnaire so that it accurately reflects the account's financial situation, investment objectives, tolerance for risk, and investment time horizon, among other considerations, and will answer client questions about the programs and our services. Based on this information, the Representative will assist you to designate a model portfolio or other investment strategy that is suitable for the account. We permit clients to impose reasonable restrictions on the types of securities we purchase for their account, and permit clients to change the restrictions by written instruction to us.

Once you have designated a model portfolio or other investment strategy that is suitable for the account, we will manage the account to reflect the allocation and achieve the objectives of the model or strategy, subject to reasonable restrictions imposed by you. Due to client restrictions and other differences regarding each account that has designated a particular model or strategy, performance of your account may be materially different from the performance of other accounts in the same model or strategy. On an on-going basis, HWM reviews for consistency with their intended investment objectives, risk tolerance, and other parameters, as well as any reasonable investment restrictions imposed by you.

Changes in Your Circumstances

Clients are advised that changes in their or their account's financial situation, investment objectives, tolerance for risk, or investment time horizon may cause an investment program or strategy to no longer meet their needs or objectives. In the event of any such change, clients should contact their Representative or our home office promptly in order to adjust their account or identify another program or service that meets their needs.

D. Information about Wrap Fee Programs

We are required to provide certain information if we provide portfolio management services for wrap fee programs.

HWM does not provide portfolio management services for wrap fee programs.

E. Managed Assets

As of April 30, 2012, we managed client assets of \$31,077,064 on a discretionary basis, and managed no assets on a non-discretionary basis.



ITEM 5: FEES & COMPENSATION

A. Advisory Fees for the HWM Program

HWM charges accounts participating in the HWM Program a quarterly Advisory Fee that is calculated and paid **in advance** based upon the value of the account. The maximum Advisory Fee for the HWM Program is set forth below, subject to negotiation:

INVESTMENT MANAGEMENT PROGRAM Advisory Fee Schedule	
Account Value	Advisory Fee Rate
Entire Value of Account	1.50% (annualized rate) (0.0375% charged quarterly)

Except as provided below, the Advisory Fee will be equal to one-fourth of the annualized “Advisory Fee Rate” (as shown above) multiplied by the value of the account at the end of the preceding calendar quarter or other billing period. All account values will be determined by reference to the values reflected on the Custodian’s statement or on the Custodian’s internal valuation system, unless we determine those values are stale or otherwise inaccurate, in which case we shall determine the fair value of such assets.

Fees for the initial calendar quarter are prorated based on the date assets are credited to the account by the custodian, and may be billed, in our discretion, either at such time or with the Advisory Fee for the following quarter. For all other quarters in which an asset is transferred or deposited by Client into the account during such quarter, the Advisory Fee with respect to such asset shall be prorated as of the date such asset is credited to the account, and may be billed, in our discretion as of such date or with Advisory Fees for the following quarter. The Advisory Fee for the last calendar quarter will be prorated based on the number of calendar days this Agreement is in effect, and any unearned amount will be refunded to you within 30 days. All unpaid Advisory Fees are due and payable immediately upon termination of the Advisory Agreement.

In the event the reporting periods for the Custodian’s quarterly statements ends other than on the last day of a calendar quarter, we may, in our discretion, calculate Advisory Fees on the basis of the Custodian’s statement reporting periods, using the account value for such reporting periods.

Negotiability of Fees, Account Minimums & Other Terms

We have the discretion to negotiate our fees, minimum account size, and other terms of each client’s relationship with us, and to negotiate alternative fees, minimums, or other terms on a client-by-client basis.

Among the factors we may consider are: the dollar amount of assets to be placed under management by you, related persons, and others; anticipated future revenues and anticipated future additional assets or accounts from you, related persons, and others; and other existing or anticipated relationships.

We may elect, in our discretion, to aggregate related client accounts for the purpose of achieving the minimum account size requirements and determining annualized fees. Waivers, discounts or

more favorable terms not generally available to other clients may be offered to family members and friends of our employees and affiliates.

Advisory Fees are not charged on the basis of a share of capital gains upon or capital appreciation of the account or any portion of the account.

B. Deduction of Fees by the Custodian

The Advisory Agreement directs the custodian to deduct the quarterly Advisory Fee from the account upon our instructions. We invoice the custodian quarterly **in advance** for our Advisory Fees. We require clients to authorize the custodian to deduct the Advisory Fees from their account. Unless specifically negotiated between a client and the Firm, clients may not choose to have Advisory Fees billed directly to the client for payment in lieu of having fees billed to the custodian. The amount of the Advisory Fee will be reflected on the custodian's regular statements to you.

Risk of Liquidations to Pay Fees

The custodian will be authorized to deduct the Advisory Fees directly from the account and pay us according to our instructions, without notice to you. If sufficient cash is not available in the account to pay the Advisory Fee when due, HWM will liquidate securities selected by HWM without prior notice to you. If mutual funds are liquidated, you may be charged a contingent deferred sales charge, an early redemption fee, or a fee to discourage short-term trading of fund shares. If the liquidated securities have declined in value, you will realize a loss and forego the opportunity for future appreciation of the securities.

Computing Market Value

Typically, the value of an account will be based on the value reported by the Custodian on its monthly or quarterly statements (or its internal electronic system, if any, for values calculated other than at the end of a month or quarter); provided, HWM may, in the exercise of its fiduciary obligations, determine the value an account or any asset in such manner as it shall determine in good faith to reflect its fair value.

C. Additional Fees & Expenses

The Advisory Fees are separate and distinct from the costs accounts will incur in connection with transactions to purchase or sell securities, including the Brokerage and Investment Expenses, Mutual Fund and ETF Expenses, Custodial Expenses, and Cash Management Expenses, as described in Item 5.C.

Brokerage and Investment Expenses

Accounts participating in the HWM Program will generally invest in mutual funds, money market funds, variable annuity subaccounts (if client owns a variable annuity), and other types of investment company securities. Clients should not expect their account to be invested in a portfolio of individual stocks or bonds. Although many of these investments are "load-waived" investments, clients should expect that their account will incur some or all of the following Brokerage and Investment Expenses in connection with some account transactions or investments. The frequency and amount of the Brokerage and Investment Expenses will increase if certain types of investments are added to a Portfolio or your account (particularly, ETF investments):

- fees, commissions, and other compensation and expenses paid to introducing and executing brokers (including CTHB, NFS, Fidelity and Fidelity's affiliates), stock

exchanges, electronic communications networks, and other trading intermediaries involved in effecting account transactions;

- odd lot differentials, transfer or other taxes, floor brokerage fees, exchange fees, service, handling, delivery, and mailing fees, electronic fund or wire transfer fees, currency exchange fees, margin interest, and other expenses of investments made or assets held for your account; and
- initial and deferred sales charges, short-term redemption fees, and surrender fees in connection with the purchase or redemption of variable annuities.

Mutual Fund and ETF Expenses

Clients will indirectly bear the internal management, operating, and investment fees and expenses charged to the shareholders of mutual funds or ETFs in which their accounts invest. For some investments, these internal expenses will include 12b-1 Fees, recordkeeping fees, and transfer and sub-transfer agent fees, among others.

The 12b-1 Fees take their name from the Securities and Exchange Commission rule that created them. They are fees charged against a mutual fund's assets on a continuing basis to cover marketing, distribution and shareholder services costs. The 12b-1 Fees may also be used, in part, to offset the amounts payable by the fund's principal distributor as compensation to selling firms where the fund share class does not have a front-end sales charge. The portion of the 12b-1 Fees used for distribution expenses is effectively an asset-based sales charge paid over time instead of charged as a front-end sales load.

The 12b-1 Fees are calculated for each class of shares of a fund, and are calculated as a percentage of the total assets attributable to the share class. A fund also deducts certain other ongoing fees from its assets to pay firms that provide various services to the fund, such as the fund's investment advisor, transfer agent, custodian, and administrator. The 12b-1 Fees, investment management fees, and other ongoing expenses are described in the mutual fund's prospectus Fee Table. These fees will vary from fund to fund and for different share classes of the same fund. You can use prospectus Fee Tables to help compare the annual expenses of different funds.

Mutual funds may also impose a contingent deferred sales charge ("CDSC") or short-term trading fee if shares are redeemed within a short time period, usually within 30, 60 or 90 days from the date of purchase. The CDSC or redemption fee is generally one percent. Similarly, variable annuities may charge a substantial penalty for early redemption or cancellations.

The prospectus for a mutual fund or variable annuity describes the costs, risks, potential benefits, and other important matters that clients should understand prior to investing.

The Advisory Fees we charge for the HWM Program are separate and distinct from the Brokerage and Investment Expenses, or the fees and expenses charged by mutual funds, variable annuities, or ETFs to their shareholders.

A client could invest in mutual funds, ETFs, or variable annuities directly, without the services of CTHB, HWM, or a Representative. In that case, you would not receive the services we provide to identify mutual funds, ETFs, or variable annuities (or subaccounts) that are appropriate in light of your objectives, needs, and circumstances.

In evaluating the overall costs and benefits of the HWM Program and the services we provide, clients should consider the Advisory Fees we charge for the HWM Program, plus the fees and

expenses charged by the funds, variable annuities and other securities in which their account may invest.

Cash Management Fees and Expenses

Cash in a client's account that is awaiting investment or reinvestment may be invested in cash balance or money market funds at NFS or Fidelity (or their affiliate), pursuant to an automatic cash "sweep" program. The investment adviser or custodian for these funds may be NFS, Fidelity, or their affiliate. CTHB may receive compensation based on the balances of client accounts in such sweep accounts. Consequently, the possibility of this compensation provides an incentive for HWM to invest the account so as to increase the compensation CTHB receives. CTHB may also receive compensation from money market funds used for cash management purposes, which also provides an incentive for HWM to invest the account so as to increase this compensation.

Custodial Expenses

Clients will pay the cost of services provided by their account Custodian for: (1) arranging for the receipt and delivery of securities that are purchased, sold, borrowed or loaned for the account; (2) making and receiving payments with respect to account transactions and securities; (3) custody of account securities; and (4) custody of all cash, dividends, exchanges, distributions, and rights accruing to your account. The Custodian may be compensated through commissions or other transaction-based fees for securities transactions executed through the Custodian (or its affiliates) or by asset-based fees for investments settled into the Custodian's accounts, or both. The specific fees and terms of each Custodian's services will be described in the Custodian's separate Custodial Agreement with you.

Availability of Similar Services from Other Firms

Clients can generally purchase the same or similar investment products or services through other firms that are not affiliated with us. However, clients who obtain investment products or services through other firms will not receive the benefit of the services we provide in determining which investment products or services may be appropriate in view of your financial situation, investment objectives, risk tolerance, and liquidity needs.

Our Advisory Fees may be higher (or lower) than fees charged by other advisers or institutions for similar services with better (or worse) performance or lower (or higher) risk. Clients should consider carefully all of the direct and indirect fees and expenses of our services and the investment products we recommend to fully understand the total costs and assess the value of our services.

Please refer to Item 5.E for further information about the compensation broker-dealers and the Representative will receive from purchases of securities and insurance products.

Please refer to Item 12 for additional information regarding brokerage, transaction, and other fees and expenses clients will incur.

D. Prepayment of Fees, Termination & Refunds

Advisory Agreements may be terminated by you or us at any time upon written notice to the other. Upon termination, any earned but unpaid Advisory Fees owed to us will be immediately due and payable; and any unearned Advisory Fees we have received will be refunded to you within 30 days, based on the number of days that the Advisory Agreement was in effect during such quarter. We will not ask or require prepayment of Advisory Fees of more than \$1,200 per client six months or more in advance.

After an Advisory Agreement has been terminated: transactions involving client's assets will be executed at the prevailing rates for, and client will incur commissions and other costs for transactions, clearance, settlement, and custodial charges imposed by the Custodian and any broker-dealers; client will be responsible for monitoring the assets; and neither HWM nor the Representative will have any further obligation with respect to client or those assets.

E. Compensation from the Sale of Securities or Other Investment Products

For accounts participating in the HWM Program, HWM generally recommends "no-load" classes of mutual fund shares or institutional classes of mutual fund shares for which any sales load is waived. For transactions involving ETFs or other securities, Schwab or Fidelity will charge a commission or transaction fee. However, HWM and Mr. Burandt will not receive any sales-related compensation (including commissions, sales charges, asset-based service fees, or 12b-1 Fees) for securities recommended or purchased for an account participating in the HWM Program.

As disclosed in Item 4, our President, Jeffrey Burandt, is separately registered as a broker-dealer representative of WFG and is also appointed as an agent for various life insurance companies. Clients who wish to purchase fixed or variable insurance products or wish to invest in individual securities (including mutual funds, stocks, bonds, or other securities) outside of a HWM Program account may choose to work through Mr. Burandt for these types of transactions. Mr. Burandt will receive separate, yet customary brokerage commissions, sales charges, insurance commissions, or other compensation for selling securities or other investment products, and he may be eligible to receive incentive awards (such as sales awards or other prizes such as trips or bonuses) for recommending certain types of insurance policies or investment products.

Clients are under no obligation to implement any recommendations Mr. Burandt makes to buy or sell securities, insurance, or other investment products. If a client wishes, they may choose to implement any recommendations through other financial services firms not affiliated with us.

To the extent Mr. Burandt receives separate sales-related compensation from the sale of securities or investment products, HWM does not reduce or offset the Advisory Fees or any Consulting Fees by the amount of such compensation.

The potential of compensation may impair the objectivity of Mr. Burandt and may influence him to make recommendations based on the additional sales compensation he will receive rather than the needs or best interests of you. In order to address this conflict of interest, HWM has implemented the following procedures:

- We disclose the potential conflicts to our clients;
- We collect and maintain adequate information about our clients and accounts, including their financial circumstances, investment objectives, and risk tolerance, and we conduct regular account reviews to confirm portfolios are suitable;
- We periodically compare holdings and performance of all accounts with similar strategies to identify significant performance disparities indicative of unusual treatment; and
- We educate our employees regarding our fiduciary responsibilities, regardless of fee arrangement.

Please refer to Item 12 for information regarding our brokerage practices.

ITEM 6: PERFORMANCE COMPENSATION & SIDE-BY-SIDE MANAGEMENT

We are required to disclose in Item 6 certain information about any “performance-based” fee arrangements with clients, and any situations where we manage both accounts with performance-based fee arrangements and accounts without such arrangements.

Because we do not have any performance-based fee arrangements with our clients, we do not have further disclosures for Item 6.

ITEM 7: TYPES OF CLIENTS & ACCOUNT REQUIREMENTS

We provide investment advisory services to the following types of clients:

- Individuals, including high net worth individuals;
- Pension and profit sharing plans;
- Trusts and estates;
- Corporations and other businesses not listed above.

We require a minimum account size of \$100,000 (the “**Account Minimum**”) for the HWM Program, subject to negotiation or waiver by HWM. HWM may waive the Account Minimum or require a higher or lower minimum for an account, in its sole discretion. If the aggregate value of the account falls below the Account Minimum, HWM has the right to require deposit of additional amounts to bring the value of the account up to the Account Minimum or close and liquidate the account and send the proceeds to you in accordance with your written delivery instructions.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS

We use the following methods of analysis in formulating advice and managing client accounts:

A. Methods of Analysis

1. Fundamental Analysis

Fundamental analysis attempts to measure the intrinsic value of a security by looking at economic and financial factors (including the asset class of the security and the management of the company) to determine if the security should be included in the portfolio.

Fundamental analysis does not attempt to anticipate market movements. As such, this method of analysis carries a risk that it may not recognize when the price of a security is moving up or down as a result of overall market movement regardless of the economic and financial factors considered in a fundamental analysis of the security.

2. Technical Analysis

Technical analysis utilizes a number of different statistical measures and calculations (such as the direction and velocity of movements in certain market averages and indices, prices for securities or other investment products, and economic indicators, among other factors) to identify short, intermediate, and longer term market trends or cycles, and recurring patterns of market movement, to assist in determining when to enter or leave a market.

Technical analysis provides indications of market direction and potential turning points, but is an imprecise tool that can result in inaccurate buy or sell signals that do not coincide with actual

market turns. Technical analysis does not consider the underlying financial condition of a company. As such, technical analysis carries the risk of generating a buy signal based on market trends for stock in a company that is poorly managed or financially unsound and that may underperform regardless of overall market movement.

3. Modern Portfolio Theory and Asset Allocation

Modern portfolio theory (MPT) can be used to develop asset allocation recommendations for clients. MPT is a quantitative asset allocation methodology used in balancing expected risk and return in a portfolio. Asset allocation focusing primarily on identifying an appropriate ratio of investments in equity securities (e.g., stocks), fixed income securities (e.g., corporate bonds), cash, and other types of investments consistent with your investment goals and risk tolerance.

MPT emphasizes portfolio diversity with a long-term investment perspective, and is firmly rooted in the belief that markets are fairly efficient and that investors' gross returns are determined largely by asset allocation decisions for deriving an optimal set of risk-return combinations among individual portfolio assets.

A risk of asset allocation is that you may not participate in sharp increases in a particular security, industry, or market sector. Another risk is that the ratio of securities, fixed income, and cash will change over time due to market movements and, if not corrected, the portfolio will no longer be appropriate for your goals.

MPT also requires assessment of three critical "inputs" of portfolio assets: (i) expected returns; (ii) expected risk; and (iii) an expected correlation matrix for each position. There can be no assurance that we will be successful in accurately forecasting the required inputs or that an optimal risk-return asset allocation combination will be achieved. Similarly, there is no assurance that MPT (or any other investment methodology) will be profitable over any specific period of time.

While we generally subscribe to the MPT investment philosophy, occasionally an IAR may find unexpected investment opportunities. In these circumstances, the IAR may recommend the investment even though it deviates from the account's general strategy.

4. Analysis of Mutual Funds, ETFs & Third-Party Managers

We use similar methods for analyzing mutual funds, ETFs, and third-party managers that we recommend to clients.

We look at the experience and track record of the portfolio managers to determine if they have demonstrated the ability to invest successfully over periods of time and in different economic conditions. We also consider whether or not there is a significant overlap with the underlying investments held by other mutual funds, ETFs, or third-party managers. We monitor the mutual funds, ETFs, and third-party managers in an attempt to determine if they are continuing to follow their stated investment strategies or mandates. We also evaluate the fees of the portfolio managers and the internal expenses of the mutual funds and ETFs to determine whether you are receiving adequate value for these fees and expenses.

A risk of our method of analysis is that past performance does not guarantee future results. A portfolio manager who has been successful in the past may not be able to replicate that success in the future. In addition, we do not control and do not have complete information about the underlying securities owned or managed by the mutual funds, ETFs, or third-party managers. Also, we may not be aware that two or more portfolio managers may have invested in the same security,

which would increase the risk to you if that security were to fall in value. Additionally, a portfolio manager may deviate from the stated investment mandate or strategy of a fund, ETF, third-party manager, which could cause the investment to become less suitable for you. Moreover, we do not control the portfolio manager's daily business or compliance operations, and we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

5. Portfolio Rebalancing

Unless or until you notify us in writing to designate a different strategy or portfolio or change to a different asset allocation, we will continue to manage your account according to the original strategy and portfolio. Clients should inform us promptly of significant changes in their individual or family circumstances or financial situation, or in their investment goals or objectives, investment time horizon, tolerance for risk, or liquidity needs so that appropriate changes can be made in the portfolio and asset allocation for their account.

6. Risks of Inaccurate or Biased Information

Our methods of analysis assume the accuracy of the information we analyze, such as ratings, financials, and research. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

B. Investment Strategies & Risks

We use the following strategies, as appropriate, depending on your particular needs and the investments in the account. Each strategy carries material risks.

1. Long-term Investments

This strategy involves buying and holding a security for a year or longer, which may occur when we believe a security is currently undervalued or we seek exposure to a particular asset class over time, regardless of the current values. A long-term investment strategy carries the risk that the investments will not achieve the price targets our analysis suggests. The risks of this strategy will be influenced by the types of securities and issuers in which we invest. We may invest in securities of issuers with any size market capitalization.

A risk of a long-term purchase strategy is that by holding the security for the anticipated length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, the security may decline in value before we make the decision to sell.

2. Short-term Purchases

This strategy involves purchasing securities with the intention of selling within a relatively short time period to take advantage of temporary conditions that we believe will result in a favorable price swing. There is no assurance the price will change or the securities will perform as expected. Consequently, if the anticipated price swing does not materialize, the account may be left with a long-term investment in a security that was intended to be a short-term purchase, or alternatively, be forced to incur a loss on the investment. If used frequently, this strategy can increase an account's brokerage and other transaction costs over what the costs of a long-term investment strategy, and may also result in the realization of net short-term capital gains, taxable as ordinary income for federal income tax purposes.

3. **Trading**

Trading involves purchasing securities with the idea of selling them relatively quickly. We may use this strategy to take advantage of our predictions of brief price swings. A trading strategy creates the potential for sudden losses if the anticipated price swing does not materialize. We would typically not hold for long-term investment a security purchased using a trading strategy.

We do not anticipate using a trading strategy on any regular basis, if at all. To the extent such a strategy is used, however, clients should expect high rates of portfolio turnover, which would lead to an increase in the account's brokerage and other transactions costs. A trading strategy generally generates short-term capital gains that are taxable as ordinary income for federal income tax purposes.

4. **Short Sales**

We do not expect to engage in short sales of securities on any regular basis. However, in the event we identify an investment opportunity in which we believe a short sale is consistent with the overall objective and risk tolerance of an account, clients should be familiar with key aspects of these types of transactions.

In a short sale, your account will sell a security that it does not own. It can do this by "borrowing" the stock from its broker with the promise to replace the security on a future date. If the security's price falls before the account must return the security to the broker, the account will repurchase it at the lower price, thereby making a profit. If the price is higher than the amount received from the original short sale, the account will incur a loss.

These transactions are speculative and involve special risk considerations. For example, you will lose money if the value of the security increases and you have to buy it at a higher price in order to return it to your broker. Because there is theoretically no limit to how high the price of the security can go, the potential losses can be infinite. Also, you must pay interest to the broker during the time you have borrowed the security, and you must also pay the broker's commissions or other transaction costs to engage in the initial short sale and the repurchase of the security.

5. **Margin Transactions**

Occasionally, we may use a margin account offered by the custodian to borrow sufficient funds to purchase a security for your account. This typically happens if sufficient cash is not available in the account to purchase the security and it is not advantageous to sell other investments. The use of margin carries risks that you should understand. We do not expect to use significant amounts of margin or other leverage in our strategies. However, certain types of transactions may or must be executed through a "margin account" (e.g., short sales).

In volatile markets, security prices can fall very quickly. If the net value of your account (less the amount you owe the broker) falls below a certain level, the broker will issue a "margin call" and you will be required to sell the security (and other positions) or add more cash to the account. You could lose more money than you originally invested. Additionally, you must pay interest on the margin balance you owe to the broker until it is repaid in full. The amount of margin interest will diminish your profits and in some cases could cause net losses in your account.

6. Caution Regarding Account Investments and Volatility

HWM anticipates that over the course of complete market cycles (or even longer periods), that accounts with higher levels of equity investments will experience greater volatility, but may be able to achieve greater returns than accounts with lower levels of equity investments and lower anticipated volatility. However, there is no assurance that an account with higher amounts of equity investments or greater anticipated volatility will, in fact, outperform other accounts. Similarly, there is no assurance that accounts with lower amounts of (or no) equity investments or lower anticipated volatility will, in fact, experience smaller losses than other accounts. Past performance is no guarantee of future results.

7. Insolvency of Brokers and Others

Clients will be subject to the risk of failure of the brokerage firms that execute their trades, the clearing firms that such brokers use, or the clearinghouses of which such clearing firms are members. Although we believe the institutions we recommend have sufficient capital, there is no assurance this will continue to be the case.

8. Trade Errors

On infrequent occasions, an error may be made in a client account. For example, a security may be erroneously purchased for a client account instead of sold. In these situations, if HWM was responsible for such error, HWM's policy is to restore or return the account to the position it would have been in had the trading error not occurred. Depending on the circumstances, various corrective steps may be taken, including but not limited to, canceling the trade, adjusting an allocation, or reimbursing the account.

9. Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Securities are not guaranteed and you may lose money on your investments. We ask that you work with us to be sure we understand your willingness and financial ability to bear the risks of your current investments and the investments we recommend for your account.

ITEM 9: DISCIPLINARY INFORMATION

We are required to disclose in Item 9 information about legal or disciplinary events that would be material to your evaluation of our advisory business or the integrity of our management.

We do not have any disclosures to make for this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS

Jeffrey Burandt is registered as an investment adviser representative of WFG, and is also a certified public accountant. Mr. Burandt devotes approximately 95% of his business time to investment-related activities on behalf of HWM, approximately 5% of his business time to activities on behalf of WFG, and 1% or less of his time providing accounting services.

When effecting the purchase or sale of securities outside of an account participating in the HWM Program, Jeffrey Burandt may be acting in his capacity as a registered representative of WFG. For transactions outside of an HWM Program account, you will pay WFG's customary commissions and other transaction-related expenses for transactions in the account.

Clients should also be aware that although the amount of time Mr. Burandt typically devotes to his separate activities on behalf of WFG or as an accountant is generally insignificant, situations could arise when these other business activities could limit the amount of time Mr. Burandt is available to manage advisory client accounts.

We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser and take the following steps to address the conflicts that exist or may arise:

- We disclose the existence of all material conflicts of interest, including the potential for our firm or its employees to earn compensation in addition to our advisory fees;
- We disclose to clients that they are not obligated to purchase any recommended investment, insurance, or accounting products or services from our employees;
- We collect, maintain and document accurate, complete and relevant client background information, including your financial goals, objectives and risk tolerance;
- Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to your needs and circumstances;
- We require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- We periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

ITEM 11: CODE OF ETHICS, INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING

A. Code of Ethics

HWM has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. HWM's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth HWM's practice of supervising the personal securities transactions of supervised persons with access to information regarding client recommendations or transactions.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy of our Code of Ethics by email sent to jburandt@HWMinc.com or by calling us at (972) 897-6500.

We owe a duty of loyalty, fairness, and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the Firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement, and recordkeeping provisions.

Our Chief Compliance Officer may grant exceptions to certain provisions contained in the Code where the interests of our clients will not be adversely affected or compromised. Doubts arising in connection with personal securities trading should be resolved in your favor even at the personal expense of our employees.

Our Code of Ethics further includes the Firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

HWM and its principals, officers, affiliates, employees and Representatives may act as investment adviser for others, may manage funds or capital for others, may have, make and maintain investments in its or their own names, or may serve as an officer, director, consultant, partner or stockholder of one or more investment partnerships or other businesses, subject to compliance with HWM's Code of Ethics. In doing so, HWM or such persons may give advice, take action, and refrain from taking action, any of which may differ from advice given, action taken or not, or the timing of any action, for any particular client.

HWM will provide a copy of its Code of Ethics to any client or prospective client upon request at HWM's principal address.

Nothing in this Brochure or otherwise shall impose upon HWM or any Representative any obligation to purchase or sell, or to recommend for purchase or sale, any security which HWM or any principal, officer, employee or Representative purchases or sells for his own account or for the accounts of other clients, unless not to engage in such activity would violate HWM's fiduciary duty.

Confidentiality of Client Information

Protecting the confidentiality of its customers' nonpublic information is paramount for HWM. As such, the Firm has instituted policies and procedures to ensure that nonpublic customer information is kept confidential. HWM does not disclose nonpublic personal information about its clients or former clients to any nonaffiliated third parties, except as provided by its privacy policies or permitted by law. In the course of servicing a client's account, HWM may share client information with service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys. HWM, WFG, and the Representative share information about you, your account, and account activity, and each has agreed to keep such information confidential.

B. Recommendations Involving Our Financial Interests

We are required to disclose in Item 11 if we recommend that clients invest in securities in which HWM or our employees have a material financial interest.

We do not make any such recommendations to our clients.

C. Investments in Securities We Recommend to Clients

Individuals associated with HWM may buy or sell securities for their personal accounts identical to or different from those recommended to clients. It is the policy of HWM that no person employed by HWM shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of clients. Subject to the Code of Ethics, HWM and its employees are permitted to trade for their own accounts side-by-side and in block transactions with the firm's clients in the same securities, and at the same time. We have

adopted the procedures described in Item 11.D to address the actual and potential conflicts of interest raised by our policies.

D. Investments Around Same Time as Client Transactions

Subject to the procedures in this section 11.D, HWM and its employees are permitted to trade for their own accounts side-by-side with clients in the same securities at or around the same time as clients on the same trading day, and are permitted to aggregate trades for their proprietary accounts with trades for client accounts. HWM, its employees, and its affiliates may buy or sell securities for their personal accounts identical to the securities recommended to customers. We have adopted the procedures described below to address the conflicts of interest arising from our policies described in Items 11.C and 11.D:

- HWM prohibits employees from purchasing or selling securities (other than mutual funds or other securities that are not treated as “reportable securities”) immediately prior to client transactions, in order to prevent employees from benefitting from transactions placed on behalf of advisory accounts.
- A director, officer, or employee of HWM shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.
- No person of HWM shall prefer his or her own interest to that of the advisory client.
- HWM maintains a list of all securities holdings for itself, and anyone associated with it with access to advisory recommendations. These holdings are reviewed on a regular basis by the Chief Compliance Officer of HWM.
- HWM emphasizes your unrestricted right to decline to implement any advice rendered, except in situations where HWM is granted discretionary authority of your investments.
- HWM requires all employees to act in accordance with all applicable Federal and State laws and regulations governing registered investment advisory practices.
- Any individual not in observance of the above may be subject to discipline, including termination.

ITEM 12: BROKERAGE PRACTICES

A. Factors We Consider When Recommending Broker-Dealers

1. **Research & Other Products and Services**

Clients grant us discretion to select the broker-dealers to effect transactions for their accounts. We have evaluated and recommend the services of the Schwab Institutional (SI) program offered by Charles Schwab & Co., Inc. (“**Schwab**”), and the Fidelity Institutional Wealth Services Program (“**FI**”) offered by Fidelity Brokerage Services LLC (“**Fidelity**”), to maintain the account’s cash and securities and provide brokerage services. HWM is independently owned and operated, and is not affiliated with Schwab or Fidelity.

Clients are not required to select Schwab or Fidelity as custodian or broker for their accounts; however, we may decline to accept an account for which you direct the use of a broker-dealer other than Schwab or Fidelity if we believe the choice would hinder our fiduciary duty to you or our ability to service the account efficiently and at a reasonable cost.

Schwab and Fidelity provide HWM with access to their institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at the custodian. These services are not contingent upon our firm committing to any specific amount of business (assets in custody or trading commissions). Schwab's and Fidelity's brokerage services include the execution of securities transactions, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Schwab and Fidelity generally do not charge separately for their custodial services but are compensated by our clients through commissions and other transaction-related or asset-based fees for securities trades that are executed through the custodian's accounts.

The products and services that Schwab and Fidelity make available to us may not directly benefit your account. These products and services may be used to service all or any number of our client accounts, including accounts not maintained at the custodian who provides the product or service. Clients should understand that when we use client brokerage commissions, markups, or markdowns to obtain research or other products or services from brokers, HWM receives a benefit because it does not have to produce or pay for the research, products, or services. Therefore, we may have an incentive to select or recommend a broker based on our interest in receiving the research or other products or services, rather than on our clients' interest in receiving most favorable execution.

We do not attempt to put a specific dollar value on the services received by each account or to allocate the relative costs or benefits of these services among accounts, believing that the research will help our firm to fulfill its overall duty to its clients. We may not use each product or service to service all clients. As a result, a client may pay brokerage commissions that are used, in part, to purchase products or services that are not used to benefit that specific client.

Schwab's and Fidelity's products and services that assist us in managing and administering client accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office, recordkeeping, and client reporting functions.
- Schwab and Fidelity also offer other services to help us manage and develop our business:
 - access to compliance, legal, and business consulting;
 - access to publications and conferences on practice management and business succession;
 - access to employee benefits providers, human capital consultants, and insurance providers.

Schwab or Fidelity may make available, arrange, or pay third-party vendors for the types of services rendered to HWM. Likewise, they may discount or waive fees they would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab or Fidelity may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend that clients engage Schwab or Fidelity, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by the custodian, which may create a potential conflict of interest.

In selecting Schwab and Fidelity, we consider the transaction costs (including commissions or spreads, market impact costs, and opportunity costs), as well as the full range and quality of the brokerage and related services Schwab provides to help us in managing client accounts. We consider the speed, consistency, and accuracy of execution, responsiveness to our inquiries and requests, willingness and speed in resolving errors or other discrepancies, access to financial products and markets, and research, analyses, and various electronic products and services provided by the broker-dealer.

Our economic interest in continuing to participate in Schwab's and Fidelity's institutional programs creates an incentive for us to recommend them to clients and results in a conflict of interest. To monitor and mitigate this conflict of interest, we have adopted the following policies and procedures:

- We conduct periodic analyses of the volume of transactions sent to each approved broker along with the competitiveness of the commission schedules of each such broker;
- We periodically evaluate the usefulness of services received from brokers in relation to the compensation we estimate that each broker-dealer receives from client transactions; and
- We regularly consider qualitative rankings of broker-dealers.

We do not have procedures to direct client transactions to particular broker-dealers in return for the products and services described above. However, we typically only recommend broker-dealers that we have approved and those we have approved provide products and services that may benefit us.

2. Brokerage for Client Referrals

HWM does not currently receive client referrals from the broker-dealers we recommend or select for our clients, and we do not have procedures to direct client transactions to particular broker-dealers in return for client referrals. If HWM receives future client referrals from a broker-dealer, we will not commit to compensate the referring broker-dealer. Nonetheless, if referrals are offered or made to us, a potential conflict of interest may arise between our interest in continuing to receive referrals and our clients' interests in obtaining best price and most favorable execution.

3. Directed Brokerage

We do not recommend, request, or require clients to direct us to execute transactions through a specified broker-dealer. We require clients to grant us discretion to select the broker-dealers to effect transactions for their accounts, and do not accept client instructions to direct brokerage to

other broker-dealers. Not all investment advisers require clients grant them discretion. Some advisers permit the client to direct the use of a particular broker-dealer for their account.

B. Aggregation of Security Transactions

The Advisory Agreement grants HWM the authority, but not the obligation, to combine or aggregate orders for multiple accounts with orders for other accounts for the purpose of “block trading.” Block trading can enable us to obtain better prices and reduce overall transaction charges by negotiating volume discounts, executing trades in a timelier manner, and allocating transaction costs among all of the accounts included in the block, typically, on a prorated basis. However, clients should be aware that due to the types of investments in various accounts, and differences in account objectives, cash positions, account types, and the systems HWM has available for placing orders with broker-dealers, block orders may be uncommon for some or all accounts. Accounts whose orders are not aggregated with other orders of other accounts will not receive the benefits of potentially lower transaction costs, timelier or better execution, or volume discounts that might be obtained by accounts whose orders are aggregated.

Block orders will usually be executed through an “average price account” or similar account such that transactions for all accounts participating in the order will be averaged as to price and transaction costs, and the securities purchased or net proceeds received will be allocated pro rata among the accounts in proportion to their respective orders placed that trading day. Typically, partial fills will be allocated among accounts in proportion to the total orders participating in the block, unless HWM determines that another method of allocation is equitable (such as a rotation or other method). Such exceptions may occur due to varying cash availability across accounts, divergent investment objectives, existing concentrations, tax considerations, investment restrictions, performance relative to the applicable benchmark, performance relative to other accounts in the same Strategy, or desire to avoid “odd lots” (an amount of a security that is less than the normal unit of trading for that security).

In certain situations, aggregation of orders may operate to the disadvantage of some accounts, such as where an account may have been able to have its order executed at a more favorable time on a particular trading day. Adviser will ensure that no account is unreasonably or systematically disadvantaged through the use of block trading.

ITEM 13: REVIEW OF ACCOUNTS

A. Account Reviews

All accounts are reviewed regularly by HWM’s portfolio manager or administrative staff to ensure that they are correctly allocated according to the selected strategy or model portfolio. At least annually, we will contact you to determine if there have been any changes in the Suitability Information or if you wish to impose or modify any reasonable account restrictions. Jeffrey Burandt will be responsible for overseeing all reviews

B. Client Reports

You will receive statements from your account custodian on at least a quarterly basis. HWM does not provide additional reports to clients.

ITEM 14: CLIENT REFERRALS & OTHER COMPENSATION

Please refer to Item 12 for information about benefits we receive from broker-dealers whose services we recommend and how we address the conflict that arises between the interest of the Firm in continuing to receive those benefits and the interests of the client in receiving the lowest costs of execution and handling of their account.

ITEM 15: CUSTODY

Clients will receive account statements directly from the Custodian on at least a quarterly basis showing all transactions in the account during the reporting period. Clients should review the Custodian's statements carefully.

HWM does not provide account statements to clients. If a client receives any document that purports to be from HWM and refers to the value of an asset shown on the Custodian's statements, we urge the client to compare the information with the Custodian's statements and contact our Chief Compliance Officer, Jeffrey Burandt, immediately by email at jburandt@HWMinc.com or by telephone at (972) 897-6500.

ITEM 16: INVESTMENT DISCRETION

Unless otherwise specifically agreed in the Advisory Agreement, you will grant us full authority and discretion, on your behalf and at your risk to select the securities, to designate the strategies, and to buy, sell, or otherwise effect securities transactions for your account, all without your prior notice or consent.

We will have full discretion to adjust or change, without notice to you: the securities we use in managing your account, the securities or asset classes that comprise any model portfolio or strategy; and the percentage that any security or asset class represents of your account, of a model portfolio, or of a strategy. You will also grant us full discretion to enter into agreements or other arrangements with third-party research services, sub-advisers, or other service providers in connection with the management of the account.

All grants of discretion to us, and any subsequent reasonable restrictions or limitations of our discretionary authority, must be submitted to us in writing. You may change or amend these restrictions or limitations by written instruction to the attention of Jeffrey Burandt, by email at jburandt@HWMinc.com or by mail to the address shown on the cover page of this Brochure.

ITEM 17: VOTING CLIENT SECURITIES

We require you to retain responsibility for voting all account securities. We will not vote, exercise rights, make elections, or take other such actions with respect to securities held for accounts we manage. If desired, you may instruct us in writing to forward to you or a third party any materials we receive pertaining to proxy solicitations or similar matters. Upon receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard account proxy and related materials.

You may obtain proxy materials directly by written request to the account's Custodian. For information about how to obtain proxy materials from a Custodian, you may contact us by email to Jeffrey Burandt at jburandt@HWMinc.com or by mail to the address shown on the cover page of this Brochure. However, we do not provide advice about the issues raised by proxy solicitations or other requests for corporate action.



Similarly, we do not advise or exercise rights, make elections, or take other actions with respect to legal proceedings involving companies whose securities are or were held in a client's account, such as asserting claims or voting in bankruptcy or reorganization proceedings, or filing "proofs of claim" in class action litigation. If desired, you may instruct us in writing to forward to you or a third party any materials we receive pertaining to such matters. Upon our receipt of such written instructions, we will use reasonable efforts to forward such materials in a timely manner. In the absence of a written request, we will discard such materials. Written instructions should be sent to Jeffrey Burandt by email at jburandt@HWMinc.com or by mail to the address shown on the cover page of this Brochure.

ITEM 18: FINANCIAL INFORMATION

A. Prepayment of Fees Six Months or More in Advance

Investment advisers who accept fees of more than \$500 per client, six months or more in advance are required to provide their clients an audited balance sheet.

Because we do not accept pre-paid fees exceeding \$500 per client, six months or more in advance, we have not provided a balance sheet.

B. Disclosure of Certain Financial Conditions

Investment advisers with custody or discretion over client funds or securities, or who require prepayment of fees exceeding \$500 per client six months or more in advance, must disclose any financial condition reasonably likely to impair their ability to meet contractual commitments to clients.

No financial condition exists that is reasonably likely to impair HWM's ability to meet its contractual commitments to its clients.

C. Bankruptcy within Past Ten Years

Investment advisers who have been the subject of a bankruptcy petition at any time during the past ten years must disclose certain information about the matter.

HWM has never been the subject of a bankruptcy petition.

ITEM 19: REQUIREMENTS FOR STATE-REGISTERED ADVISERS

A. HWM's principal executive officers and management persons:

JEFFREY M. BURANDT, CPA, CFP®

Year of Birth

1953

Business Experience

Harbor Wealth Management, Inc.

President & Chief Compliance Officer

2009 to present

Worth Financial Group, Inc.

Registered Representative

2007 to present



Titan Wealth Management, LLC

Principal 2005 to 2009

Butler Freeman Tally Financial Group, LLC

Registered Representative 2006 to 2007

Pershing LLC

Senior Vice President 2004 to 2005

Lockwood Financial Services, Inc.

Vice President 1998 to 2005

Education

University of Texas

Bachelor of Science, Business Administration (1991)

Professional Designations

Certified Public Accountant (CPA)

Texas State Board of Public Accountancy (1993)

Mr. Burandt earned the Certified Public Accountant (CPA) designation from the Texas Board of Public Accountancy in 1993. CPA is the statutory title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a Certified Public Accountant.

Certified Financial Planner® (CFP) Certificant

College for Financial Planning (2005)

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. To attain the right to use the CFP® mark, an individual must: satisfactorily complete an advanced college-level course of study addressing financial planning subject areas the CFP Board has determined necessary for competent and professional delivery of financial planning services, including insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning; pass the CFP certification exam; must complete qualifying work experience; must agree to adhere to the CFP Board's Standards of Professional Conduct; and complete 30 hours of continuing education hours every two years.

JAMES F. STEWART

Year of Birth

1970

Business Experience

Harbor Wealth Management, Inc.



Senior Vice President & Chief Investment Officer 2009 to present

Titan Wealth Management, LLC

Vice President

Team Leader, Investment Research Committee 2005 to 2009

Pershing, LLC

Vice President

Portfolio Analysis & Performance Tracking 2004 to 2005

Lockwood Financial Services, Inc.

Senior Analyst 1998 to 2005

Education

University of Texas

Bachelor of Science, Mathematical Sciences (1993)

B. Other business activities and approximate time spent:

The Firm is not actively engaged in any business other than giving investment advice.

C. Performance-based fees:

Neither the Firm nor any of our supervised persons is compensated for advisory services through a performance-based fee.

D. Disclosures regarding events listed in Items 19.D.1 or 2:

Neither the Firm nor any of our management persons has been involved in any of the events listed in Item 19.D.1 or 2.

E. Relationships or arrangements with any issuer of securities:

Neither the Firm nor any of our management persons has a relationship with an issuer of securities that is required to be disclosed under this Item 19.E.