

# **Henney Wealth Management**

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## ***Firm Brochure***

***(Part 2A Form ADV)***

**This brochure provides information about the qualifications and business practices of Henney Wealth Management. If you have any questions about the contents of this brochure, please contact us at (310) 571-1277 or by email at [info@henneywealth.com](mailto:info@henneywealth.com).**

**June 6, 2012**

## Material Changes

None

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## Advisory Business

### *Firm Description*

Henney Wealth Management Inc. (HWM) is a registered investment advisor providing investment advice to individuals, trusts & estates, and businesses. HWM was founded in 2010. Client relationships & assets were previously managed while David Henney was a principal with FFR Advisory LLC. David Henney has been an investment advisor since 1992, and Andrew Mutzabaugh, a portfolio manager, has worked in that capacity since 1997 both previously with FFR Advisory and now HWM.

The Firm’s primary compensation is from fees paid by clients. The firm receives commissions if the client chooses to purchase a financial product that pays a sales commission.

Assets managed by HWM are held by independent “third party” custodians, namely Charles Schwab, under the client’s name. Further transparency is achieved by performance reporting produced by yet another independent entity. HWM has NO vested interest in the custodian or the performance reporting provider. Conflicts of interest are avoided to the best interest of the client.

### *Principal Owners*

David Henney is the Principal owner of Henney Wealth Management.

### *Types of Advisory Services*

HWM provides two primary investment advisory services, Discretionary and Non-Discretionary management.

#### *Discretionary Investment Management:*

The tactical Strategy has a dual objective of managing risk and producing positive returns. This strategy was started in January of 2003, and has a GIPS verified performance record.

#### *Non-Discretionary Investment Management:*

Clients may choose the tactical strategy, or HWM will work with clients to create and implement a flexible balanced portfolio to meet the client's needs. Client portfolio assets, whether managed on a discretionary or non-discretionary basis consist predominantly of no load institutional mutual funds, exchange traded funds, closed-end funds, and individual stocks.

### *Managed Assets*

As of December 31, 2010, the firm managed approximately \$77,000,000. Approximately \$55,000,000 is discretionary, and \$22,000,000 is non-discretionary.

## **Fees and Compensations**

### *Description*

HWM is compensated by an asset-based fee according to the following schedule:

<i>First \$3,000,000</i>	<i>1.25% of asset value</i>
<i>Next \$3,000,000</i>	<i>.85% of asset value</i>
<i>Next \$4,000,000</i>	<i>.60% of asset value</i>
<i>Next \$10,000,000</i>	<i>.50% of asset value</i>
<i>Over \$20,000,000</i>	<i>Fees are negotiable</i>
<i>Accounts under \$250,000</i>	<i>1.50% of asset value</i>

Fees are generally not negotiable, but certain exceptions are made for accounts over \$5,000,000.

### *Fee Billing*

Clients may choose to be billed directly via invoice or have fees deducted from their investment accounts.

### *Other Fees*

Clients are responsible for paying custodian transaction fees and mutual fund management fees. These fees are not shared by HWM.

### *Fee Payment*

Clients are charged advisory fees in arrears, quarterly.

### *Compensation for Sales of Investment Products*

Commissions are paid to advisor if client chooses to invest in a product that pays a commission.

## **Performance-Based Fees**

HWM does not accept performance based fee arrangements. Through our asset-based fee arrangement, our interests are aligned with our clients.

## **Types of Clients**

Clients served by Henney Wealth Management include individuals, trusts, and pension plans.

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

### *Methods of Analysis*

- Global Macro Trend Analysis (Economic Growth, Inflation and Interest rates, Fiscal/Capital Flow trends)
- Broad Asset Class Valuation (Equities, Bonds, Commodities, Currencies)
- Technical Analysis and Sentiment Indicators
- Sector/Style Momentum & Relative Strength Analysis
- Manager Analysis – Mutual Funds
- Securities Analysis – Individual Stocks

This analysis relies heavily on a diverse pool of independent research at a significant cost borne by the advisor.

### *Investment Strategies*

The primary investment strategy offered to clients is our Tactical Strategy. This is our proprietary method of strategic asset allocation using no-load mutual funds, closed end funds, ETFs, and individual stocks. This strategy's primary goals are risk management and positive real returns while diversification and income are secondary considerations.

Recently, a discretionary Bond Strategy has been developed and implemented for clients. The strategy uses mutual funds, and to a lesser extent, ETFs.

Non-discretionary flexible balanced portfolios are constructed using the same analysis & research, but are more diversified and income focused.

### *Risk of Loss*

All investment strategies exhibit different degrees of associated risk. Our strategies employ risk management, but common investment risks include loss of principal risk, interest rate risk, market risk, inflation risk, currency risk, reinvestment risk, business risk, liquidity risk and financial risk.

## **Disciplinary Information**

No reportable actions.

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

### *Activities:*

David Henney and Andrew Mutzabaugh are registered representatives with LPL Financial.

### *Affiliations:*

Henney Wealth Management does not have affiliations that are material to its advisory business or its clients with any related person. We receive no compensation from any investment managers, mutual funds, ETFs, etc. that we recommend.

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

### *Code of Ethics:*

The employees of HWM are committed to a code of ethics that puts the client's interest first. The code holds employees to standards of objectivity, fairness, suitability, honesty, transparency and full disclosure.

### *Participation or Interest in Client Transactions:*

Employees of HWM may invest in the same securities that clients own, but DO NOT trade their own securities ahead of client trades. Personal trades are reviewed to ensure that employees do not trade on inside information.

## **Brokerage Practices**

### *Selecting Brokerage Firms*

A custodian (Charles Schwab & Co.) is recommended to clients to best serve their overall needs and execute our strategy most efficiently. A recommended custodian is chosen for integrity, financial stability, independence, best execution and client service.

### *Soft Dollars*

HWM does not receive soft dollar benefits from client custodians.

### *Directed Brokerage*

HWM does not use directed brokerage for client accounts.

## **Review of Accounts**

### *Periodic Reviews*

Account reviews are conducted periodically in accordance to client preference.

### *Review Triggers*

Reviews other than regular reviews are done at Client's request, or if objectives change, any other important change.

### *Regular Reports*

In addition to regular custodian reports, quarterly performance reports are produced by Advent Software and sent to clients.

## **Client Referrals and Other Compensation**

### *Incoming Referrals*

Referrals come from clients and other advisors. The firm does not pay for referrals.

### *Referrals to Other Professionals*

The firm does not accept referrals fees from other firms.



## **Custody**

### *Account Statements*

Client assets are held at qualified custodians, who provide statements directly to clients at their address of record at least quarterly.

### *Statements Provided by Henney Wealth Management*

Clients are provided reports generated by Advent Software's performance reporting and accounting software.

## **Investment Discretion**

### *Discretionary Authority for Trading*

HWM has discretionary authority to manage investment accounts on behalf of clients. We determine without specific client consent, the securities to be bought or sold, and the amount. If discretion has not been given, the client is consulted before trades. Clients give discretionary authority by specifically designating such service in the investment management agreement.

## **Voting Client Securities**

HWM does not vote proxies for securities in client accounts.

## **Financial Information**

HWM does not have any financial impairment that would preclude the firm from meeting its contractual commitments to clients. HWM does not serve as a custodian, nor does it collect fees in advance, so a balance sheet presentation is not required.

## **Brochure Supplement (Part 2B of Form ADV)**

### **Supervised Persons**

David D. Henney and Andrew Mutzabaugh

Henney Wealth Management

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Suite 1035

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As of May 3, 2012

This brochure provides information about David Henney and Andrew Mutzabaugh that supplements the Henney Wealth Management brochure. You should have received a copy of that brochure. Please contact Hamza Maqsodi, Administrative Assistant, if you did not receive Henney Wealth Management's brochure or if you have any questions about the contents of this supplement.

## **Education and Business Standards**

All individuals providing investment advice to clients are required to have a four year college degree or at least two types of advanced professional designations (JD, CPA, CFA, ChCF, CFP, MSFS, CIMC, CIMA, CMT) or comparable experience with the industry.

### **David D. Henney: Owner and Managing Director**

#### *Educational Background:*

- DOB: 06/29/1956
- Whittier College – BA Accounting/Economics – 1977
- Whittier College School of Law – Juris Doctor – 1980

#### *Business Experience:*

David was previously an advisor and principal with FFR Advisory LLC. He founded Henney Wealth Management in 2010 and serves as Managing Director and Chief Compliance Officer. He holds Series 7 and 63 licenses, is a licensed attorney and holds a life insurance license.

#### *Disciplinary Information: None*

Other Professional Activities: David is a Registered Representative of LPL Financial. As a Registered Representative of a Broker Dealer, compensation is received if any client invests in a variable annuity. Any recommendation of a variable annuity is made concurrently with a full presentation disclosing the benefits, drawbacks, fees, penalties, and important features of such a product. Since an Advisor can have an incentive to recommend investment products based on commissions received, rather than the client's needs, the client is educated on the product and is the driver of the decision to 1) Invest in the product 2) How much is invested. This process achieves full disclosure and avoids conflicts.

#### *Additional Compensations: None*

### **Andrew P. Mutzabaugh: Portfolio Manager**

#### *Educational Background:*

Gannon University – BS Finance 1991

#### *Business Experience:*

Andrew was previously an advisor with FFR Advisory LLC. He holds series 7 & 63 licenses. He is an affiliate member of the Market Technicians Association.

#### *Disciplinary Information: None*

*Other Professional Activities:*

Andrew is a registered representative of LPL Financial. In his role of Portfolio Manager, he does not recommend any investment products that pay a commission.

*Additional Compensation:* None

*Supervision:*

Andrew Mutzabaugh is supervised by David Henney, Managing Director. He reviews Andrew's work through frequent office interactions and internal compliance procedures.

David Henney's Contact Information:

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