

401 Harmony, LLC
10417 Memorial Drive
Houston TX 77024
www.401Harmony.com

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This brochure provides information about the qualifications and business practices of 401 Harmony.com. If you have any questions about the contents of this brochure, please contact us at www.401harmony.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about 401 Harmony, LLC. is available on the SEC's website at www.adviserinfo.sec.gov.

401 Harmony LLC is a "registered investment adviser" SEC registration does not imply a certain level of skill or training.

There are no material changes since filing

Table of Content

Advisory Business	4
Fees and Compensation	5
Fees related disclosure	5
Performance based Fee	5
Type of Clients	6
Methods of Analysis, Investment Strategies and Risk of Loss	6
Disciplinary Actions	7
Other financial activities	7
Code of Ethics, Participation of Interest in Client Transaction and Personal	
Trading	7
Brokerage Practices	8
Review of Accounts	8
Client referrals and other compensation	8
Custody	8
Investment Discretion	8
Investment discretion related disclosure.....	8
Voting Client Transactions	8
Financial Information	9

Advisory Business

401 Harmony ("Company") is an online advisory service that provides individualized advice to participants who are eligible to participate in the defined contribution plan (401k plans or any other plan) as offered by their employers. 401 Harmony takes a personalized approach to help participants make fund allocation decisions by matching their risk/greed/demographic profile to the risk/greed of each individual fund in their defined contribution program. 401 Harmony is for anyone who has existing or wants to invest in 401(K); 403 (B); variable annuity plans; etc. As opposed to other asset allocation decision software, 401 Harmony uses behavioral finance principles into asset allocation decision software. This behavioral finance principle takes into account an individual's risk appetite (greed/fear score) into investment decisions and matches individual to funds that harmonize their risk appetite. The Company may also provide its services through employers whereby they may engage 401 Harmony's web portal to provide its employees with a means to make investment decisions on the company provided plans.

The Company may also engage in providing its web portal and services to independent financial advisors or companies engages in financial advisory business so that they can utilize the online software to assess individualized fund allocations and enhance their services for their individual customers. 401Harmony.com is founded by a professional who has been managing investments for the past 14 years using some of the same techniques used in this site. He has designed this model based on his personal experience and extensive research in behavioral finance and optimal asset allocations. *Investment recommendations* Online Advice adopters generally receive specific buy and sell recommendations to allocate assets among a universe of investment alternatives that have been selected by the plan sponsor for inclusion in the applicable retirement plan. These alternatives are generally mutual funds and, in some cases, one or more equity securities issued by the plan sponsor. 401 Harmony provides advice and recommendations with respect to mutual funds (buy/sell), commingled funds (buy/sell). *Account monitoring through Online Advice* Plan participants who subscribe to the site may use Online Advice as frequently as they choose to monitor progress toward their retirement goals, receive forecasts and investment recommendations and access educational content at 401 Harmony's website. Online Advice updates the values of most mutual funds and stocks in plan accounts daily.

A participant is responsible for periodically revisiting Online Advice to:

- update account information to reflect changes in investments, including purchases and sales of investments;
- update personal information, including retirement goals, to reflect changes in personal or financial circumstances; and/or
- review any updates regarding changes to the participant's account value or forecast.

The failure of an online adopter to review and periodically update their personal and financial information can materially affect the value of the investment advisory services provided by Online Advice. 401 Harmony may from time to time provide e-mail notifications of retirement updates to clients who elect to receive them, concerning changes in the value of the client's investments or the chances of reaching the client's goal.

Investment analysis 401 Harmony offers plan participants who use Online Advice investment analysis of mutual funds and stocks in the form of 401 Harmony Score. 401 Harmony score establishes how closely a fund matches to that individual's greed/fear score (obtained through a questionnaire). Each Fund Scorecard presents an analysis of the risk, expenses, market beating ratio, performance in up markets and down markets, etc. A fund's score describes how the fund might perform in the future relative to its peers. The 401 Harmony Score also compares the fund against its peers in terms of risk, expenses, and historical performance. The 401 Harmony score also presents a graphical representation of historical performance and a range of potential future values of a hypothetical investment in the fund. 401 Harmony Score for individual equity securities depict the relative risk and historical performance of a particular stock

Fees and Compensation

Online Advice Fees

Certain portions of online advice and services are free to anyone who uses the site.

For individual investors who subscribe to Online Advice, retail clients, fees range from \$39.95 per one time use or \$119.95 per year payable in advance by credit card. A detailed fee schedule and procedures for obtaining a refund for prepaid but unearned fees or canceling a subscription before its expiration date are available on the Company website. The fee schedule is subject to change and 401 Harmony may offer certain retail clients discounted fees or other promotional pricing. **Neither 401 Harmony nor its supervised persons sell investments and do not receive commissions or compensation for the recommendations 401 Harmony makes in connection with Online Advice.**

401 Harmony may indirectly offer advisory services to independent financial advisors (as described above). These fees are charged for supporting and use of the underlying financial model. The amount of the fee is subject to negotiation between 401 Harmony and the financial institution and may be calculated based on the number of customers or potential customers eligible to receive services.

Other disclosures:

- 401 Harmony does not manage any customer assets hence no fees are deducted or payable on customer's assets
- 401 Harmony is completely independent of your plan administrator. It does not charge any fees indirectly from the mutual funds recommended. There are no custodian or sales charges associated with mutual funds
- There are no indirect fees charged. Neither company has engaged in any referral fees through brokers/aggregators
- Except for fees associated with the Financial Advisors, fees are paid in advance before model is used for advice. Payment terms for financial advisor package can be negotiated. Refunds may be generated at company's discretion
- 401 Harmony LLC advice is dispensed electronically, hence there are no conflicts of interest. Company employees or owners do not get any compensation from any other source except from the customer through a fixed fee.
- 401 Harmony LLC does not accept any compensation based on sale of securities or mutual funds
- 401 Harmony LLC does not provide securities sales service and all allocation/purchase decisions must be made through your plan advisor

Performance based fee

401 Harmony LLC is a fee based advisory services. It neither manages any funds nor has any discretionary portfolio accounts under management. The advice is given based on computer generated model using customer provided questionnaire and historical information. No part of the compensation is associated with portfolio or fund's individual performance. 401 Harmony LLC is not related to the management fee and an expense incurred by the fund manager and does not get any compensation from the managers. 6

Types of Clients

401 Harmony LLC provides its computer model generated advice to individual customers who need advice on their defined contribution plans like 401k or 403 (b) plans. In addition, it may allow its software to be used by financial advisors (or advisory companies) who may be using the software model to advise their own clients

Methods of Analysis, Investment Strategies and Risk of Loss

401 Harmony LLC uses behavioral economics principles to advise clients based on a computer generated model. The process works as follows:

Once you have logged in, you will be asked a few psychological questions. You will also be asked questions about your salary, contributions, etc. In addition, you will be asked to list Funds that your 401k plan is authorized to invest. After entering the information, you run the software algorithm and it will provide you with the following reports:

1. It will show you where you stand on the Greed/Fear Index and whether you want to minimize risk, maximize returns, or achieve returns commensurate with risk
2. It will show you your return requirements and create a cash flow chart of when will you contribute and when will you withdraw and how much return you would require to retire
3. It will show you how different funds that your company has provided fit into asset classes based on historical performance
4. It will make recommendations on specific percentages that you should allocate to each of your funds and their score (out of 100). All this information is unique to you as an individual. Fund's performance cannot be generalized.

Investment Analysis

- 1- Fund allocation recommendation using an optimization program that:
 - a. Considers your required returns based on your age, income, etc
 - b. Considers your greed/fear score based on your questionnaire
 - c. Considers the diversification of asset classes that maximizes risk reduction
 - d. Considers that you are not taking unnecessary risk to meet your required return objectives
 - e. Detailed fund performance, among other things include:
 - i. Historical fund's returns versus benchmark
 - ii. Historical fund's fee adjusted return versus benchmark
- 2- Based on above and your own greed/fear score; the system generates a 401 Harmony score and recommends funds with the highest 401Harmony score

Disclosure

- 1- 401 Harmony methodology employs a combination of market implied expectations and historical analysis on key economic and market indicators, and does not engage in market timing
- 2- Any Investment may result in loss of capital. Company does not warrant or guaranty future performance.
- 3- The above analysis is based on a proprietary model using historical data. However, historical performance is not predictive of future results
5. 401 Harmony LLC is not guaranteeing performance of the portfolio returns or risk assessments.
6. 401 Harmony LLC produces expected returns and historical risks to customers but note that these are estimated for informational purpose based on model and no guarantees are given that those results will prevail in future. Estimates are based on information supplied by (or on behalf of) a client. Forecasts are generated using forward-looking models securities markets, which may incorporate such data as historical returns, expected growth rates and calculated risk premiums. Past

performance is not an accurate predictor of the future, and reliance on historical and current data necessarily involves certain inherent limitations.

7. **IMPORTANT: The forecasts or other information generated by 401 Harmony are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.**
8. 401 Harmony LLC relies on historical data obtained from other web services and neither 401 Harmony nor other web services can authenticate the validity of the data.
9. 401 Harmony LLC relies on LINDO Systems software to use optimization program to make investment decisions. 401 Harmony LLC does not take any liability associated with LINDO systems software usage

Disciplinary Action

None of 401 Harmony, any of its management persons has been involved in a legal or disciplinary event within the last ten years that is deemed material to an existing client or prospect's evaluation of 401 Harmony's advisory business or the integrity of its management.

Other Financial Activities

Neither 401 Harmony nor any of its management persons are a registered broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or a registered representative of these entities, nor do they have any applications pending to register as such entities or as representatives of the same. 401 Harmony may sell its software as a service to other financial institutions or independent financial advisors which is unrelated to investment advisory business.

Code of Ethics, Participation of Interest in Client Transaction and Personal Trading

Pursuant to Rule 204A-1 of the Investment Advisers Act of 1940, the 401 Harmony code establishes and reinforces a standard of business conduct that is expected of persons associated with 401 Harmony. The Code emphasizes certain governing principles 401 Harmony personnel should always be mindful of in the course of their work, including **the duty at all times to place the interests of 401 Harmony clients first, the protection of material non-public information and the obligation to report violations.**

- 401 Harmony does not participate in any client transactions that may compromise its ethical principle of providing independent, objective advice to the client based on client's demographic situation and their risk appetite. The use of computer generated model ensures that no personal bias goes into investment decision
- Owners & Operators of 401 Harmony although manage their own retirement accounts and may use 401 Harmony models but these are in no way influenced by aggregate client data.
- 401 Harmony does not publish any recommended list of securities.
- 401 Harmony believes in security of client's data and no part of individual client specific data is shared with any commercial or non commercial enterprise for any use whatsoever
- 401 Harmony does not engage in any trading or personal trading activity and will not transact on behalf of customers so there is no conflict in transactions order management.
- 401 Harmony is a fee based investment advisory hence it does not have any conflict of interest with client's transactions.

Brokerage Practices

Research and Other Soft Dollar Benefits

As a policy and practice, 401 Harmony does not have any arrangements to utilize research, research-related products and other services obtained from broker-dealers or third parties on a soft-dollar commission basis.

Directed Brokerage

401 Harmony does not have the authority to select, and does not recommend, broker-dealers to effect trades or determine commissions paid and is not responsible for obtaining or monitoring best execution. In addition, 401 Harmony does not enter into directed brokerage arrangements with clients, engage in agency cross transactions or make any principal trades for advisory clients.

Review of Accounts

401 Harmony LLC does not review client's accounts on a periodic basis. **It is the responsibility of 401 Harmony clients to review and update their accounts in Online Advice to adjust for changes in the investments they own. 401 Harmony clients should also review and update their accounts should significant changes occur in their personal circumstances.** 401 Harmony may from time to time provide e-mail notifications, concerning changes in the value of the clients' investments or chances of reaching the clients' goals. 401 Harmony recommends that clients run at least a quarterly review of their allocations by updating the data in their account details and re-run the model to get adequate allocations.

Client Referral and Other Compensation

401 Harmony LLC currently does not engage in any third party services. All fees are paid by the clients themselves. It does not derive any economic benefit from anyone on client's behalf. 401 Harmony does not compensate any person directly to solicit clients. 401 Harmony engages internet marketing companies to optimize search and internet advertisements. Such fees do not pose any conflict of interest with an individual client.

Custody

401 Harmony LLC does not take custody or possession of any client's assets whatsoever.

Investment Discretion

401 Harmony LLC does not manage client's discretionary accounts. It only provides advice on a fee basis without controlling investment activities. All clients are personally responsible to execute investment decisions.

Voting Client Securities

401 Harmony does not have responsibility for voting proxies relating to securities held in Professional Management members' accounts. Program members will receive any proxies or other solicitations directly from their provider. 401 Harmony does not have legal authority or any responsibility for initiating, taking, advising on, or responding to any action with respect to potential or existing class action litigation, bankruptcy or any other proceeding involving any security held in members' accounts.

Financial Information

401 Harmony, LLC does not have discretionary authority of client funds nor does it require or solicit prepayment of more than \$1,200 in fees from clients six (6) months or more in advance. Certain payments for use of its software by financial institutions or independent financial advisors may require a portion of payment terms upfront, but those terms are negotiated. 401 Harmony does not believe that its financial condition would reasonably be likely to impair its ability to meet its contractual commitments to its retail or institutional clients.