



Hufford Advisors, LLC

A place where lives are changed

Hufford Advisors, LLC

Part 2A, Brochure February 24, 2012

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This brochure provides information about the qualifications and business practices of Hufford Advisors, LLC (“Hufford”). If you have any questions about the contents of this brochure, or to request a copy of this brochure, please contact us at the address and phone number above or jberridge@huffordfinancial.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. SEC registration does not carry with it requirements regarding skill or training.

Additional information about Hufford Advisors, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov as well as at www.HuffordFinancial.com.

Item 2 MATERIAL CHANGES

Hufford Advisors, LLC has amended this Form ADV Part 2A (“Brochure”) to clarify that the firm is deemed to have custody under the SEC’s Custody Rule through its possession of and billing authority with respect to credit card account information for certain financial planning clients.

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*The Securities and Exchange Commission’s rules require that each of these items be listed in our Table of Contents although some items may not be applicable to Hufford’s business practices.

Item 4 ADVISORY BUSINESS

Hufford Advisors, LLC (“Hufford”) is a limited liability company formed on September 30, 2011 in the State of Delaware, as successor to the business of Hufford Financial Advisors, LLC (“HFA”) which was formed on December 31, 1996 and became an SEC-registered Investment Adviser on March 29, 1999.

Hufford is part of the Focus Financial Partners, LLC (“Focus”) network. Hufford is owned by Focus Operating LLC, which is owned by Focus Financial Partners, LLC.

Focus Financial Partners, LLC is owned by Summit Ventures VI-A, L.P., which is owned by Summit Partners VI (GP), LP, which is owned by Summit Partners VI (GP), LLC.

Hufford is managed by Brian Hufford through a Management Agreement between Hufford Management, LLC and Focus Operating LLC.

As discussed below, Hufford offers to its Clients (individuals, pension and profit sharing plans, business entities, trusts, estates and charitable organizations, etc.) investment advisory services, financial planning and related consulting services. Hufford’s focus is to provide its services on a national basis to the dental community.

Investment Advisory Services

Hufford provides fee only discretionary investment advisory services to its Clients. When a Client engages Hufford to perform Investment Advisory Services, a dedicated registered financial professional will work with that Client to evaluate the Client’s financial situation, risk tolerance, and investment objectives. Based upon this information and evaluation, Hufford will then recommend to the Client an appropriate investment strategy. After obtaining its Client’s consent to an investment strategy, Hufford generally implements those strategies through the use of a diversified selection of mutual funds. After implementation, Hufford will, on an ongoing basis, monitor the Client’s portfolio in order to address issues such as rebalancing to maintain the selected investment strategy, the investment of portfolio income and additional cash flows. In the course of providing Investment Advisory Services, the Client may receive some incidental non-comprehensive financial planning suggestions.

Hufford offers its Clients a choice among diversified portfolio allocation models of varying risk levels using mutual funds, including institutional mutual funds. Institutional funds are a class of funds that are generally not available to the public and usually have expenses lower than retail mutual funds. Clients select from a minimum of 12 different model options. Within each model’s equity/fixed income division, there are a variety of sub-asset classes to ensure maximum diversification. The mutual funds and sub-asset classes within these models are subject to change. A registered professional from Hufford, acting as a fiduciary advisor, will work with the Client to help determine which of the models is appropriate for their needs. On a very limited basis and under special circumstances Hufford may construct a custom portfolio for the Client.

As stated above, Hufford’s Investment Advisory Services are provided to its Clients on a discretionary basis. That means that after the Client has agreed to an investment strategy, Hufford may implement that strategy without receiving additional Client approval provided that Hufford may not change the Client’s basic allocation between equity and fixed income without

specific Client approval. Hufford's Clients are free to change their basic equity/fixed income allocation at any time and are encouraged to review their allocation should there be changes in the Client's personal or financial situation. Clients' portfolios are generally rebalanced to the specified equity/fixed income ratio on no less than an annual basis.

The discretionary Investment Advisory Services provided to Hufford's Clients are described in the written Investment Management Agreement provided to and signed by the Client. Clients are informed that investment allocations and/or strategies employed by Hufford may not prove to be profitable and may in fact lose money. Hufford's investment program is not a guaranteed rate program and is not bank or FDIC insured.

Hufford's Investment Management Services to its Clients are implemented via the Schwab Institutional Custody platform or the Schwab Trust Custody Platform. As a condition of having Hufford provide investment advisory services via the Schwab Institutional or Schwab Trust Custody platform, Clients will enter into the appropriate written account agreements with Charles Schwab & Co. ("Schwab"). Hufford has negotiated an asset based pricing schedule with Schwab that enables Hufford's Clients to obtain all mutual funds without payment of brokerage commissions charges. Some of the mutual funds used in the portfolios may charge other fees such as short-term redemption fees for certain mutual funds if they are sold less than 30, 60, or 90 days after they are purchased. The negotiated asset based pricing is generally considered substantially discounted from customary Schwab retail transaction charges and commission rates. The fees charged by Schwab may be higher or lower than those charged by other custodians.

Clients with qualified retirement plans generally hire a third party qualified retirement plan administrator to track contributions and apportion and track the assets among the plan participants. Such third party administrators operate entirely independently from Hufford. Hufford receives no fee, or commission or other benefit from any third-party service provider. For clients with qualified retirement plans who have entered into a separate investment management agreement directly with Nyhart, Hufford provides Nyhart with intended portfolio allocation guidelines and Nyhart places those trades consistent with the stated allocation.

Please see Item 5 below for a detailed description of Hufford's Investment Advisory fees.

Financial Planning and Consulting Services

Hufford offers its Clients a variety of programs within its Financial Planning Services. These programs range from Hufford's comprehensive The Financial Breakthrough Program™ to various return financial planning engagements. The twelve month The Financial Breakthrough Program™ provides a comprehensive review and analysis of a Client's entire financial status including an analysis of the Client's financial goals and objectives, establishing current income, assets, business and personal cash flow expectations, debt structure, review of estate planning and insurance needs, and tax and retirement planning. Return financial planning engagements review a Client's progress and discuss issues that may have arisen since the initial plan was developed. Hufford also offers its Clients the opportunity for focused consulting sessions on issues such as debt financing and retirement planning. Clients should be aware that neither Hufford nor any of its employees serve them as a licensed attorney, CPA or insurance agent. Prior to engaging Hufford to provide any financial planning services, the Client will be required to enter into a written Financial Planning Engagement Letter setting forth the terms and conditions of the engagement, describing the scope of the services to be provided, the total fee and the portion of the fee that is due from the Client prior to Hufford commencing services. Hufford may recommend the services of other professionals for implementation purposes, including Hufford's

Accounting affiliate, Hufford & Associates P.C. (Please see the disclosure at Item 10 C.) The Client retains absolute discretion over all such implementation decisions and is free to accept or reject any recommendation from Hufford. The Client is under no obligation to engage the services of any such recommended professional. Hufford receives no fee, commission or other benefit by making such recommendations. Hufford does not offer any insurance or other products for which it receives any kind of fee or commission. Please see Item 5 below for a detailed description of Hufford's Financial Planning and Consulting fees.

Client Service Teams

Hufford employs a team approach to implement its Client service for its Investment and Financial Planning process. Each team is led by a registered Senior Consultant and supported by two to four consulting and support staff members. In addition, each team is supported by Hufford's investment operations team. Currently, Client accounts are divided across four teams.

Transition Consulting Services

Hufford offers Transition Consulting Services to dental Clients who want to purchase or sell a dental practice, are bringing new doctors into the practice, or who are contemplating forming or joining a group practice. Hufford's consulting services can assist Clients in realizing the value of a practice they wish to buy or sell as well as analyzing other issues involved in transitioning various kinds of ownership interests. Generally, these services are preformed on an hourly basis. It is also possible that some level of transition consulting may be provided within the scope of a wider financial planning engagement. Please see Item 5 below for a detailed description of Hufford's Transition Consulting Service fees.

Sub-Advisory Arrangements

Pursuant to a written sub-advisory agreement, Hufford has engaged Hewins Financial Advisors, LLC ("Hewins"), an SEC-registered investment adviser, to assist with certain back office functions such as trading, reporting and increasing its research capacities. Some specific examples of such back-office responsibilities include, but are not limited to: investing new money in the appropriate allocations, trading, freeing-up cash to process redemptions, and rebalancing the portfolio back to target allocations. Any trading done by Hewins is done only in response to Hufford's specific direction; Hufford's operations team works directly with Hewins. Hewins will generally not have direct contact with Hufford's Clients. Although Hufford pays to Hewins a portion of the investment advisory fees it receives from its Clients, the Sub-Advisory Arrangement with Hewins may be terminated or modified by Hufford at any time. From time to time, Hufford may engage other sub-advisors to assist Hufford with the management of its Clients' accounts.

Client's Obligations and Responsibilities

- A. Hufford offers its Clients a selection of services. Clients who engage Hufford for one of the services it provides are under no obligation to use any of Hufford's other services.
- B. In performing its services, Hufford shall not be required to verify the information received from the Client or from the Client's other professionals. Hufford is authorized to rely on the

accuracy of this information. Moreover, Clients are informed that it remains their responsibility to promptly notify Hufford if there is ever any change in their financial or personal situation or investment objectives. Hufford needs to know of such changes in order to review/evaluate/revise previous recommendations.

If the Client engages any third party for professional services recommended by Hufford and a dispute arises thereafter relative to such engagement, the Client agrees to seek recourse exclusively from and against the third party.

Disclosure Statement

A copy of this written brochure known as Part 2A of Form ADV shall be provided to each new and prospective Client prior to, or contemporaneously with, the execution of the Investment Management Agreement or Financial Planning or Consulting Agreement, and will be provided annually if there are material amendments. New and prospective Clients will also receive a supplemental brochure known as Part 2B of Form ADV, which describes the background and experience of each of employee that serves on its Investment Committee and who provides the Client with direct investment advice.

Wrap Fee Programs

Hufford does not participate in a wrap fee program.

Assets Under Management

As of December 31, 2011 Hufford had \$308,334,246 in regulatory assets under management held on a discretionary basis. Hufford has no assets under management held on a non-discretionary basis.

Item 5 FEES AND COMPENSATION

Investment Advisory Services

Hufford provides its discretionary Investment Advisory Services on a “fee-only” basis. “Fee-only” means that the sole revenue Hufford receives is from charging its Clients for the advisory services it renders. Hufford receives no other fees, no referral fees and no commissions. Neither Hufford, nor any of its employees receive compensation from the sale of any security, other investment products, or any products of any kind, (like insurance policies). See Item 12 for further discussion regarding benefits received by Hufford from Schwab.

Hufford’s annual Investment Advisory fee is based upon a percentage (%) of the market value of assets placed under Hufford’s management (between 1.00% and 1.25 %) as follows:

<u>Market Value of Portfolio</u>	<u>% of Assets</u>
First \$500,000 in Account value	1.25% per year
Next \$500,000 in Account value	1.15% per year
Account value above \$1,000,000	1.00% per year

Hufford's Investment Advisory fee shall include only its Investment Advisory Services and those services may include some limited incidental financial planning. If a Client requires extensive Financial Planning or specific Consulting Services, those services require a separate Agreement and incur a separate fee as described below in this Item 5. Hufford, in its sole discretion, may determine when incidental financial planning services become sufficiently specific and extensive to require a separate Agreement and fee.

Hufford's annual Investment Advisory fee shall be prorated and paid quarterly, in advance, based upon the market value of the assets on the last business day of the previous quarter. In any partial calendar quarter, the Advisory Fee will be pro-rated based upon the number of days that the Account was open during the quarter. The Advisory Fee will also be adjusted, to reflect cash inflows and outflows. Any such adjustment will be reflected each quarter in arrears.¹ Clients may elect to have Hufford's advisory fees deducted directly from their custodial account or a designated fee account held at the same custodian. Both Hufford's Investment Management Agreement and the custodial/clearing agreement may authorize the custodian to debit the account for the amount of Hufford's investment advisory fee and to directly remit that management fee to Hufford in compliance with regulatory procedures. In the limited event that Hufford bills the Client directly, payment is due upon receipt of Hufford's invoice.

The fees charged by Hufford are separate and distinct from the fees charged by any recommended sub-advisers (other Investment Managers). A description of any Investment Manager fees is available in each mutual fund's prospectus and investment manager's disclosure documents.

Similarly, Hufford's fees are separate and distinct from the fees and expenses charged by mutual funds. These fees are also separate from any custodial fees. A description of these fees and expenses is available in each fund's prospectus and applicable disclosure document. Clients will also incur any applicable brokerage and other transaction costs.

For marketable securities, the prices provided by custodians are used for client reporting and fee billing. Hufford, in its sole discretion, may charge a lesser management fee and/or waive or modify its minimum asset requirement based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with Client, etc.).

The Investment Management Agreement between Hufford and the Client will continue in effect until terminated by either party with notice in accordance with the terms set forth in that Agreement. Upon termination, Hufford shall refund to the Client any unearned pro-rated portion of the advanced advisory fee paid based upon the number of days remaining in the billing quarter.

Financial Planning and Consulting Services

To the extent the Client requires comprehensive Financial Planning Services or Consulting Services, Hufford's fees can either be a fixed amount or determined on an hourly basis. Hufford's

¹ The cash flow into or out of the account will be multiplied by the number of days cash was in or out of the account, divided by the number of actual days in the quarter in which the cash flow occurred, and multiplied by the quarterly equivalent investment advisory fee at the appropriate fee break. The sum of these calculations for each cash flow during the quarter will be added to or if a negative adjustment, deducted from that quarter's Advisory Fee.

fees are negotiable, but for Financial Planning, they generally range from \$3,600 to \$13,500 on a fixed fee basis, and from \$75.00 to \$250.00 on an hourly basis. The exact amount depends upon the level and scope of the services required and the professionals rendering the services. Fixed fees are frequently paid on a monthly schedule and are paid in arrears. Hourly fees are billed monthly to the Client as the services are rendered during the term of the engagement. Clients may elect to pay Financial Planning fees via an authorized deduction from their credit card account. Hufford will not require any payment greater than \$1,200 more than six (6) months in advance of services to be rendered.

Transition Consulting Services

Hufford's Transition Consulting Services are billed monthly as the services are rendered on an hourly basis at \$250.00 per hour. There may be a specified not-to-exceed dollar amount. Hufford charges will be based upon the complexity of the issues presented, the expertise of the professionals involved and the amount of time it takes to resolve the issues. Hufford will not require any payment greater than \$1,200 more than six (6) months in advance of services to be rendered.

Item 6 PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Neither Hufford nor any employee of Hufford charges any performance-based fees. Hufford does not engage in side by side management.

Item 7 TYPES OF CLIENTS

Hufford's Clients include individuals, defined contribution and defined benefit plans, business entities, trusts, estates and charitable organizations. Hufford's target market consists of Dental Professionals, and its marketing activities are directed towards this Client base. Hufford generally requires a minimum asset level of \$25,000 for its investment advisory services.

Item 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. As part of its mutual fund selection due diligence process, Hufford utilizes research and other due diligence-related information provided by such strategic partners as Callan & Associates, Charles Schwab & Co., Steele Mutual Fund Expert, FI360, Hewins Financial Advisors, LLC, (an SEC investment adviser which Hufford also utilizes for back office and trading services) Ned Davis Research, Dimensional Fund Advisors and Hulbert Financial Digest.

B. Hufford may utilize the following methods of security analysis:

- Charting - (analysis performed using patterns to identify current trends and trend reversals to forecast the direction of prices)
- Fundamental - (analysis performed on historical and present data, with the goal of making financial forecasts)
- Technical – (analysis performed on historical and present data, focusing on price and trade volume, to forecast the direction of prices)

- Cyclical – (analysis performed on historical relationships between price and market trends, to forecast the direction of prices)

C. Hufford may utilize the following general investment strategies when implementing investment advice given to Clients:

- Long Term Purchases (securities held at least a year)
- Short Term Purchases (securities sold within a year)
- Trading (securities sold within thirty (30) days)

Other Specific Investment Strategies

Hufford will employ a combination of investment strategies when managing Client accounts. Two primary investment methodologies will be used: (1) A Diversified Allocation Strategy Series that uses Resampled Efficiency™ to achieve an efficient global portfolio allocation among numerous asset classes comprised of mutual funds or exchange traded funds based upon long-term expected return and risk factors. It is designed for those Clients who wish to invest in a globally diversified mix of stocks and bonds; (2) A Tactical Strategy which assesses shorter-term market conditions and uses fund some fund managers with an active trading strategy to adapt to changing market conditions. The models in the Tactical Strategy use mutual funds that are invested in markets in the U.S. and throughout the world.

Please Note: Investment Risk

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Hufford) will be profitable or equal any specific performance levels. All investments represent some level of risk and an investor should understand that losses can and do occur. Significant losses of invested capital are possible. Investing in securities involves risk of loss that clients should be prepared to bear.

D. Hufford's methods of analysis and investment strategies do not present any unusual risks other than as outlined above. However, every method of analysis has its own inherent risks. Market analysis is inherently limited in that no one can predict the potential for large unexpected outcomes of future events and the resultant impact on Client investments. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

As stated above, every investment strategy has its own inherent risks and limitations. For example, longer term investment strategies require a longer investment time period to allow for the strategy to potentially develop. Shorter term investment strategies require a shorter investment time period to potentially develop but, as a result of more frequent trading, may incur higher transactional costs when compared to a longer term investment strategy and may also result in wider short-term gains or losses than a longer-term investment strategy. Trading, an investment strategy that requires the purchase and sale of securities within a thirty (30) day investment time period involves a very short investment time period but will incur higher transaction costs when compared to a short term investment strategy and substantially higher transaction costs than a longer term investment strategy.

Item 9 DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Hufford or the integrity of Hufford's management. Hufford has no information applicable to this Item. Neither Hufford nor its management persons have been the subject of any disciplinary actions.

Item 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

- A. Hufford is part of the Focus Financial Partners, LLC ("Focus") network. As such, Hufford is a wholly-owned subsidiary of Focus Operating, LLC, which is a wholly-owned subsidiary of Focus Financial Partners, LLC (Focus). Focus also owns other registered investment advisers, broker-dealers, pension consultants, insurance firms, and other financial service firms (the Focus Partners). The Focus Partners provide wealth management, benefit and investment consulting services, serving individuals, families, employers, and institutions. Some Focus Partners also manage or advise limited partnerships, private funds or limited liability companies as disclosed on their respective Form ADV Schedule Ds.
- B. Hufford's Clients are not solicited to invest in any other Focus Partners' advisory services, and generally Focus Partners do not recommend securities, services, or other investment products of other Focus Partner firms, unless so disclosed on their respective Form ADVs and with the Clients' informed consent, nor are any transactions executed through another Focus Partner's affiliated broker dealer. Further, the Focus Partners do not market their services or share Client information amongst each other without prior client consent, and management personnel from the other Focus Partners are not involved in the management of Hufford.
- C. A list of the affiliated investment advisers and broker dealers can be found on Hufford's Form ADV Part 1 Schedule D and additional information about Focus can be found at www.focusfinancialpartners.com.
- D. Neither Hufford, nor its employees, are registered or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- E. Neither Hufford, nor its employees, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- F. **Certified Public Accountant and Accounting Firm**

Hufford's managing partner, Brian Hufford, is also a certified public accountant ("CPA"), and President of the accounting firm of Hufford & Associates, P.C., which is a separate legal entity from Hufford. To the extent that Hufford Clients specifically request accounting advice and/or tax preparation services, Hufford may recommend the services of a CPA firm including Hufford's affiliated firm of Hufford & Associates, P.C. Any such accounting advice and/or tax preparation services will be rendered, pursuant to a separate agreement between the Client and the CPA firm (who may or may not be Hufford & Associates P.C.). Any relationship between a Hufford Client and any CPA Firm is completely independent from any relationship with Hufford. Hufford does not receive, directly or indirectly, any compensation of any kind from any CPA firm, including Hufford & Associates, P.C., which

it recommends for its Clients. Conversely, a Client of Hufford & Associates, P.C. may be referred to Hufford for Investment Advisory/Financial Planning Services. Hufford will not pay either directly or indirectly any fee to its affiliated firm if such a Client becomes a Client of Hufford.

- G. **Conflict of Interest:** The recommendation by a Hufford employee that a Client engage the services of Hufford & Associates, P.C. presents a conflict of interest, regardless of the fact that no fees are paid or received. No Hufford Client is under any obligation to engage Mr. Hufford as a CPA or engage the services of the accounting firm Hufford & Associates, P.C.

Item 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Hufford maintains an investment policy relative to personal securities transactions. This investment policy is part of Hufford's overall Code of Ethics, which serves to establish a standard of business conduct for all of Hufford's employees and is based upon fundamental principles of openness, integrity, honesty and trust. A copy of Hufford's Code of Ethics is available to anyone upon request by contacting us at the phone number or email address listed on the cover page of this brochure. In accordance with Section 204A of the Investment Advisers Act of 1940, Hufford also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Hufford or its employees.

Neither Hufford nor any of its employees recommends, buys, or sells for Client accounts, securities in which Hufford or any employee of Hufford has a material financial interest.

Hufford and/or its employees may buy or sell securities that are also recommended to its Clients. This practice could create a situation where Hufford and/or its employees are in a position to materially benefit from the sale or purchase of those securities which creates a potential conflict of interest. Practices such as "scalping" (i.e., a practice whereby the owner of shares of a security recommends that security for investment and then sells it at a profit upon the rise in the market price which follows the recommendation) could take place if Hufford did not have adequate policies in place to detect such activities. In addition, this requirement can help detect insider trading, "front-running" (i.e., personal trades executed prior to those of Hufford's Clients) and other potentially abusive practices. However, since Hufford's investment strategy is primarily implemented through the use of a diversified selection of mutual funds, scalping and front running are very unlikely.

In order to further address this potential conflict of interest, Hufford has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of Hufford's employees.² Hufford's securities transaction policy requires that employees of Hufford must provide the Chief Compliance Officer with a written report of their current securities holdings within ten (10) days after becoming an employee. Additionally, each employee must provide the Chief Compliance Officer with a written report of the employee's current securities holdings at least annually.

² Hufford has chosen to designate all its employees as "Access Persons" for the purpose of this regulation

Item 12 BROKERAGE PRACTICES

As discussed in Item 4 above, Hufford requires that investment management accounts be maintained at Schwab. In addition to signing Hufford's Investment Management Agreement, Hufford Clients will also be required to sign a separate custodial/clearing agreement with Schwab.

Factors that Hufford considers in recommending Schwab (or any other broker-dealer/custodian to clients) include historical relationship with Hufford, financial strength, reputation, execution capabilities, pricing, and service. All fees paid by Hufford's Clients shall comply with Hufford's duty to obtain best execution. Nevertheless, a client may pay fees or expenses that are higher than another qualified broker-dealer might charge to effect the same transaction where Hufford determines in good faith, that the fee is reasonable in relation to the overall value of the brokerage services received. In directing the use of a particular broker or dealer, it should be understood that Hufford will not have authority to negotiate commissions among various brokers or obtain volume discounts, and best execution may not be achieved. Not all investment advisers require clients to direct the use of specific brokers. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a custodian's services, including, execution capability, fees and responsiveness. Accordingly, although Hufford will seek competitive rates, it may not necessarily obtain the lowest possible fees for its Client account transactions. The fees charged by the designated custodian are exclusive of, and in addition to, Hufford's investment management fee.

A. Research and Additional Benefits

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker-dealer/custodian, Hufford may receive from Schwab without cost (and/or at a discount) support services and/or products, certain of which assist Hufford to better monitor and service client accounts maintained there. Included within the support services that may be obtained by Hufford are pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by Hufford in furtherance of its investment advisory business operations. Although Schwab does provide Hufford with some very limited research, that research is not of material or significant use to Hufford and does not factor into Hufford's decision to use Schwab as its custodian.

As indicated above, certain of the support services and/or products received from Schwab may assist Hufford in managing and administering Client accounts. Other benefits do not directly provide such assistance, but rather assist Hufford to manage its business.

The receipt of such benefits may cause a conflict of interest in that Hufford may be more likely to use Schwab rather than another custodian. To reduce this conflict, it should be noted that Hufford's Clients do not pay more for investment transactions effected and/or assets maintained at Schwab as a result of the receipt of these benefits. Additionally, there is no corresponding commitment made by Hufford to Schwab or any other any entity to invest any specific amount or percentage of Client assets in any specific mutual funds, securities or other investment products as a result of the above arrangement. Lastly, Hufford's Investment Committee is charged with the responsibility to annually review its evaluation of Schwab as its custodian to determine that Hufford's fiduciary and best execution responsibilities are met.

B. To the extent that Hufford provides investment management services to its Clients, the transactions for each Client account will be effected independently. Hufford does not do block trading.

C. Hufford does not receive referrals from broker-dealers.

D. Hufford does not accept “soft dollars” in that it does not receive research or other products in connection with client securities transactions.

E. Hufford does not generally accept directed brokerage arrangements (when a client requires that account transactions be effected through a specific broker-dealer). In any such client directed arrangement, the client will negotiate terms and arrangements for their account with that broker-dealer, and Hufford will not seek better execution services or prices from other broker-dealers. As a result, a Client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.

Please Note: In the event that the Client directs Hufford to effect securities transactions for the Client's accounts through a specific broker-dealer, the Client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the Client determined to effect account transactions through alternative clearing arrangements that may be available through Hufford.

Item 13 REVIEW OF ACCOUNTS

A. For those Clients to whom Hufford provides Investment Advisory services, account reviews are conducted on an ongoing basis by Hufford's employees. All Investment Advisory Clients are repeatedly advised that it remains their responsibility to advise Hufford of any changes in their investment objectives and/or financial or personal situation. All Clients (in person or via telephone) are encouraged to review financial planning issues, investment objectives and account performance with Hufford at least on an annual basis.

B. Hufford may also conduct account reviews upon the occurrence of a triggering event, such as a change in Client investment objectives and/or financial situation, market corrections, cash inflows and outflows or Client request.

C. Clients obtain transaction confirmation notices and regular written summary account statements directly from the custodian. Hufford also provides to its Clients a quarterly written report summarizing account performance.

Item 14 CLIENT REFERRALS AND OTHER COMPENSATION

A. Hufford does not compensate anyone for client referrals.

Item 15 **CUSTODY**

Under recent amendments to the SEC's Custody Rule, Hufford is deemed to have technical custody of Client assets as Hufford has the ability each quarter, to deduct its Investment Advisory fees directly from its Client's accounts. As a convenience, Hufford offers clients the ability to pay for its financial planning services by credit card. Hufford is therefore also deemed to have custody under the SEC's Custody Rule by virtue of its possession of the credit card account information of those financial planning clients who have contracted with Hufford for payment via credit card, and its contractual billing authority with respect to these clients. In order to protect its Clients' credit card account information and to minimize the risk of misappropriation of its Clients' assets, Hufford has adopted certain required policies and procedures, and subjects these accounts to a surprise examination conducted by Berkow, Schechter, & Company, LLP, an independent public accountant registered with the Public Company Accounting Oversight Board ("PCAOB").

Hufford's Client assets are custodied at Schwab who is a qualified custodian under SEC regulations. As discussed above, Schwab sends directly to Hufford's Clients monthly account statements. On a quarterly basis, these Schwab account statements will reflect the deduction of Hufford's advisory fee. Hufford sends quarterly reports to its Clients which contain a statement urging its Clients to compare these account statements with those sent by Schwab as well as reminding Clients that it is their responsibility, not Schwab's, to verify that Hufford's fees are correct.

Item 16 **INVESTMENT DISCRETION**

As discussed above, Hufford provides its Investment Advisory Services to its Clients on a discretionary basis. Included in the Investment Management Agreement that the Client signs, is a provision which names Hufford as the Client's attorney and agent in fact, and grants Hufford full authority to buy, sell, or otherwise effect investment transactions involving the assets in the Client's discretionary account with the noted exception that Hufford will not change a Client's equity/fixed income allocation without securing the Client's approval.

Item 17 **VOTING CLIENT SECURITIES**

A. Hufford's Investment Management Agreement reiterates its policy that Hufford does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets.

B. Clients will receive their proxies or other solicitations directly from their custodian. Clients may contact Hufford at the phone number or email address listed on the cover page of this brochure to discuss any questions they may have with a particular solicitation.

Item 18 FINANCIAL INFORMATION

- A. Hufford does not solicit fees of more than \$1,200, per Client, six months or more in advance.
- B. Hufford is unaware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments relating to its discretionary authority over Client accounts.
- C. Hufford has not been the subject of a bankruptcy petition.

IF YOU HAVE QUESTIONS:

Hufford's Chief Compliance Officer, Jeffrey Berridge, remains available to address any questions that a Client or prospective Client may have regarding the above disclosures and arrangements.