

**Item 1 – Cover Page**

E. A. Horwitz LLC

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Riverwoods, IL 60015

224-632-4600

March 27, 2013

This Brochure provides information about the qualifications and business practices of E. A. Horwitz LLC Investment Advisor (“E. A. Horwitz LLC”). If you have any questions about the contents of this Brochure, please contact us at 224-632-4600. 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.

E. A. Horwitz LLC is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser are intended to provide you with information about which you determine to hire or retain an Adviser.

Additional information about E.A. Horwitz also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 165561.

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## Item 2 – Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Wrap Fee Program Brochure ("Wrap Brochure"), dated March 19, 2013, is our disclosure document prepared according to the SEC's new requirements and rules.

After our initial filing of this Wrap Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Wrap Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

The SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) maintains information about E. A. Horwitz LLC or any persons affiliated with and required to be registered, as an investment adviser representative.

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## Item 4 – Advisory Business

### E. A. Horwitz LLC Investment Management

Established in 2012, E. A. Horwitz LLC provides investment advice and portfolio management services on a continuing basis - including an appropriate allocation of managed assets among cash money market funds, equity, and bonds - with the selection of specific securities, which will provide proper diversification and help meet the client's stated investment objectives.

We sponsor the EA Horwitz Managed Wrap (the "Program"), a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees not based directly on transactions in the client's account are charged for advisory services, which may include portfolio management or advice concerning the selection of other investment advisers, and the execution of client transactions.

Our services within the wrap programs include the evaluation, design, construction, implementation, and monitoring of investment portfolios. Assets are allocated among appropriate investment categories in accordance with the client's financial objectives, liquidity constraints, expected time horizon, risk tolerance, and tax considerations as well as prevailing economic conditions and any other relevant factors. Existing assets are evaluated and informed buy, hold or sell recommendations are made.

The advisory maintains a Limited Power of Attorney and/or Trading Authority for all discretionary accounts for the purposes of directing and/or otherwise effecting investments on behalf of the managed account as well as for the direct payment for fees and/or payment of commissions, custodial fees and/or other charges incurred by the managed account. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

In addition to sponsoring this wrap fee program, we sponsor The Helmsman Group Wrap Fee Program; a service bureau division of E. A. Horwitz LLC which provides portfolio management services from sub-advisors. In The Helmsman Group Wrap Program management your assets will be managed by a sub-advisor. These accounts are managed on a "discretionary" basis. This means that the sub-advisor has the authority to make securities transactions on your behalf, without specific consent. When you hire a sub-advisor, you rely on the sub-advisor for all or some of the following: development of model portfolios, expertise in certain strategies or disciplines, specific recommendations of securities, and general investment advice. In some situations, a sub-advisor may be used on a limited basis and in other situations a sub-advisor may perform more substantial services as well as tailor its advice to the needs and circumstances of the individual client within the particular program. When E.A. Horwitz uses a sub-advisor to assist with the management of client accounts, the advisor provide the client with a copy of the sub-advisor's Form ADV Part 2 Disclosure Brochure.

All sub-advisors are approved by E.A. Horwitz LLC however we do not approve portfolio managers on performance alone. E.A. Horwitz LLC and the Helmsman committee reviews

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many factors of a portfolio manager before approval as a sub-advisor onto the The Helmsman Group Wrap Program permitted. These include:

- Operational functionality
- Safety of client assets
- Investment Review
- Infrastructure
- Portfolio Manager capabilities
- Track Record

Once these areas have been reviewed, the Committee votes on whether to approve the manager or not based on the results of the reviews. Each sub advisor has the right to impose its own account minimums.

This Wrap Fee Program Brochure is limited to describing the services, fees, and other necessary information clients should consider prior to becoming a client within the Program. For a complete description of the other services and fees offered by our E.A. Horwitz, clients should refer to our Form ADV Part 2A: Firm Brochure.

You may obtain a copy of our Firm Brochure by contacting us at E. A. Horwitz LLC, 2610 Lake Cook Road, Suite 190A, Riverwoods, IL 60015, 224-632-4600

## **Fees and Compensation**

Fees for ongoing asset monitoring are generated based on a percentage range of 1.00% to 2.00% of portfolio assets. Fees are calculated by multiplying the assets under management by the relevant percent and dividing such product by four (4) for quarterly billing purposes. The extent of monitoring services and all fees are agreed upon in writing prior to engagement. Monitoring fees are payable quarterly, in advance and such fees may be deducted from client's account(s). All fees may be negotiable under certain circumstances.

If management begins after the start of a month, Program fees will be prorated accordingly. When authorized by the client, fees will be debited from the account in accordance with the terms set forth in the agreement. Any unearned fees are refunded on a pro-rate basis less reasonable startup costs.

**Payments to Investment Managers (Helmsman Group).** On the client's behalf, E.A. Horwitz pays a portion of the fee we receive from the client to the selected investment manager(s) for that investment manager's services to the client, calculated on the value of assets in the client's account managed by that particular sub-advisor. The sub-advisor will typically receive a range of .25% to .375% per 1.00% of the fee paid to our firm.

Although these amounts may be changed from time to time without notice to clients, such changes will not impact the fees paid by clients.

## **The Helmsman Group – Separately Managed Account (SMA) Platform**

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The Helmsman Group garners a portion of the below wrap fee for services rendered. In addition to a wrap fee, the client may be charged incidental fees by their custodian and transactional fees imposed by regulatory authorities.

**Helmsman Group Fee Structure**

\$100,000.00 to \$149,999.99	2.00%
\$150,000.00 to \$249,999.99	2.00%
\$250,000.00 to \$349,999.99	2.00%
\$350,000.00 to \$499,999.99	2.00%
\$500,000.00 to \$749,999.99	2.00%
\$750,000.00 to \$999,999.99	2.00%
\$1,000,000.00 to \$1,499,999.99	1.50%
\$1,500,000.00 and up	1.00%

We conduct substantially similar processes for management of The Helmsman Group accounts and we receive a portion of wrap fees for those services. Discretionary management for our clients and Helmsman Group clients may occur simultaneously and could result in a conflict of interest when implementing our investment strategies.

We do not compensate non registered third-parties for referring client accounts for our management.

In addition to the wrap fee, the client may be charged incidental fees by the custodian and transactional fees imposed by regulatory authorities.

**What services are covered by the Program fees?** The Program fees pay for our firm's advisory services to clients under the Program, administrative expenses of the Program, custody charges for clients' assets custodied at the client's chosen custodian and brokerage services for Program accounts to the extent trades are conducted through the name of the client's custodian.

**What services are not covered by the Program fees?** The Program fees do not cover brokerage to the extent trades are conducted through brokers or dealers other than firm and custody charges if client assets are custodied anywhere other than firm. The Program fees do not include expenses of such as mark-ups, mark-downs and commissions charged on positions held outside of the management of the program.

**Other Fees and Expenses.** Clients may incur charges for other account services provided not directly related to the execution and clearing of transactions, including, but not limited to, IRA custodial fees, safekeeping fees, wire transfer fees, interest charges on margin loans, exchange fees, online access fees, report delivery fees and fees for transfers of securities.

**Additional Information about Program fees.** Under the Program, the participant receives investment advisory services, the execution of securities brokerage transactions, custody and reporting services for a single specified Program Fee. Clients are cautioned that depending on the level of fees charged by the executing broker-dealer, and the amount of portfolio activity in the

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clients' account, the value of the services provided under this Program may exceed the total cost of such services had they been provided separately. In addition, the Program Fee may be higher or lower than that charged by other sponsors of comparable wrap fee programs. In addition, a disparity in wrap fees may exist between the wrap fees charged to other clients.

Charges for fee-based financial planning range from \$500-\$2,000, depending on the complexity of the case.

## General Information

**Termination of the Advisory Relationship:** The relationship between the parties may be terminated by either party upon 30 days written notice. Notwithstanding the above, if the appropriate disclosure statement was not delivered to the client at least 48 hours prior to the client entering into any written or oral advisory contract with this investment adviser, then the client has the right to terminate the contract, without a penalty, within five (5) business days after entering into the contract. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. [In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

**Grandfathering of Minimum Account Requirements:** Pre-existing advisory clients are subject to E.A. Horwitz's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

**ERISA Accounts:** E.A. Horwitz is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, E.A. Horwitz may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset E.A. Horwitz's advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1,200 more than six months in advance of services rendered.

## Compensation

We enter into marketing arrangements with independent investment adviser and/or broker-dealer firms pursuant to which representatives of their firms ("Solicitors") offer our services, including participation in this program, to the public. Through these arrangements, we pay a cash referral

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fee to the Solicitor and/or their firm based upon a percentage of our advisory fee. The payment of referrals fees will not increase the amount of the fees paid by program participants. However, clients should be aware that the receipt of this compensation may create an incentive for the individual to recommend participation in this program over others for which no such compensation may be received.

As required by applicable law, the details of the solicitation arrangement, including the compensation payable to the solicitor, will be described to the client in a separate document provided to the client at the time of the referral.

## **Item 5 Account Requirements and Types of Clients**

### **Minimum Account Requirements**

Participation in this program is subject to certain minimum account requirements. For a more detailed understanding of these requirements, please review the disclosures provided in the preceding section.

Minimum account sizes are set by each portfolio manager and start at minimum of \$100,000.

E.A. Horwitz Managed Wrap Program clients may direct E.A. Horwitz as to the broker dealer/custodian to be used in managing their account. As a condition for program participation, clients are required to direct us to custody their assets with and to place trades through Insight Securities Inc. E.A. Horwitz is associated with a FINRA-member broker dealer and the clearing firm and custodian that we use for brokerage accounts are through this relationship. E.A. Horwitz has negotiated an arrangement with the broker dealer firm to provide custodial and brokerage services as part of the E.A. Horwitz Managed Wrap Program. As such, we reserve the right to decline acceptance of any client account for which the client directs the use of a broker dealer/custodian other than what is approved by the firm. Please refer to the "Other Financial Industry Activities and Affiliations" section of Item 9 for additional information.

The Helmsman Program offers asset management by sub advisors. Each sub advisor has the right to impose its own account minimums. Please see the sub advisor's individual brochures for more information.

E. A. Horwitz LLC does not charge performance-based fees.

E. A. Horwitz LLC may provide portfolio management services to individuals, high net worth individuals, trusts, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, banking institutions, registered mutual funds, private investment funds, trust programs, and other institutions.

## **Item 6 Portfolio Manager Selection and Evaluation**

As previously disclosed, all participating clients' assets are managed by advisory personnel of our firm. These individuals must possess, minimally, a college degree and/or appropriate business experience and all required licenses. Please refer to Item 4 for detailed disclosures regarding the portfolio management services we provide to program clients.



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## Methods Of Analysis

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

**Charting.** In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

**Fundamental Analysis.** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Asset Allocation.** Rather than focusing primarily on securities selection, we attempt to identify an appropriate ratio of securities, fixed income, and cash suitable to the client's investment goals and risk tolerance.

A risk of asset allocation is that the client 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 stock and market movements and, if not corrected, will no longer be appropriate for the client's goals.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. 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.

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## Investment Strategies

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

E. A. Horwitz LLC runs two portfolios: Growth Portfolio and Conservative Portfolio

E. A. Horwitz LLC designs Growth Portfolios for investors who are willing to take on risk to achieve a potentially higher rate of return, by diversifying into companies that are considered in the forefront of their industry. The portfolio is comprised of a mixture between stocks, bonds, cash or money market funds. A typical portfolio may have a high-percentage weighted in stocks depending on the client's risk tolerance, market conditions, and other factors. As appropriate, covered call options are written on the equities in the portfolio and other put and call option strategies may be utilized. Our focus and area of expertise is in community bank and financial stocks. The remainder of the equity portion is invested in companies with historically consistent earnings growth in expanding industries. The focus of the equity portion is on companies that have a unique "niche" and/or have market leadership. A portion of the portfolio may be comprised of high-grade and/or situational bonds.

E. A. Horwitz LLC designs Conservative Portfolios structured for investors desiring a goal for preservation of capital with relatively lower risk. The portfolio is comprised of a mixture between stocks, bonds, cash or money market funds. A typical portfolio is balanced between stocks and bonds based on a client's risk tolerance, market conditions, and other factors. When appropriate, covered call options are written on the equities in the portfolio. Our focus and area of expertise is in community bank and financial stocks. The remainder of the equity portion is invested in companies with historically consistent earnings growth and dividends; the fixed income portion of the portfolio may be comprised of high-grade and/or situational bonds.

### Investing for the Long Term

At E. A. Horwitz LLC, our focus is always on you, the investor. We believe in the creation and growth of long-term relationships. And our approach to investing uses that same perspective.

#### **E. A. Horwitz LLC Rules of Investing:**

- Buy and hold good stocks and quality bonds
- Use options to mitigate risk and produce income
- Perform research to uncover hidden opportunities
- Analyze and discern the "big picture"
- Assess each investment's potential for growth and/or income, overall impact on portfolio risk, and possible tax consequences
- Research Continuity and commitment to our strategy
- Maintain a long-term perspective
- Keep costs among the lowest and provide best-in-class wealth management services

### Portfolio Construction

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Investment decisions take into consideration how a particular security will affect the overall portfolio. We assess its potential for growth and/or income, the security's impact on overall portfolio risk, and possible tax consequences.

Factors that may be considered when making investment decisions include, but are not limited to (Alphabetical Order):

- Ability to Communicate with Management
- Analyst Forecast
- Balance of Company Leverage & Liquidity
- Beta
- Book Value
- Business Mix
- Cash Flow
- Dividend Policy (Payout/Growth)
- Dividends
- Earnings Consistency & Quality
- Economic Considerations
- Economic MOAT
- EPS
- Historic Business Results & Growth
- Industry Outlook
- Industry/Sector
- Insider & Large Holders Transactions
- Institutional Ownership
- Investment Timeframe
- Local vs. Global
- Management Quality
- Market Liquidity & Capitalization
- Market Price vs. Fair Value
- Market Share of Products/Services
- Options & Premiums
- P/E Ratio
- P/E to Growth
- Profitable Margin Growth
- Return on Equity
- Return on Sales
- Return on Assets
- Sector vs. Current Holdings
- Suitability
- Tax Considerations
- Technical & Psychological Considerations

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- Time of Year

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- We believe the securities to be currently undervalued, and/or
- We want exposure to a particular asset class over time, regardless of the current projection for this class.

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

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks that should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

**Option writing.** We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset.

The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

We will use options to speculate on the possibility of a sharp price swing. We will also use options to "hedge" a purchase of the underlying security; in other words, we will use an option purchase to limit the potential upside and downside of a security we have purchased for your portfolio.

Most commonly we use "covered calls", in which we sell an option on security you own. In this strategy, you receive a fee for making the option available, and the person purchasing the option has the right to buy the security from you at an agreed-upon price.

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We use a "spreading strategy", in which we purchase two or more option contracts (for example, a call option that you buy and a call option that you sell) for the same underlying security. This effectively puts you on both sides of the market, but with the ability to vary price, time and other factors.

### **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Investing in securities involves a certain amount of risk of loss that clients should be prepared to bear. Where short term trading methods are employed, the cost of more frequent trades can often incur more expense than that of a more conservative or long-term purchase approach.

Questions regarding these risks and/or increased costs may be directed to the firm. We ask that you work with us to help us understand your tolerance for risk.

### **Voting Client Securities**

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially 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. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We do not offer any consulting assistance regarding proxy issues to clients.

### **Item 7 Client Information Provided to Portfolio Managers**

Individuals affiliated with our firm are responsible for developing an initial financial profile of the prospective client. Prior to opening an account, we assist in determining a participant's profile for the Program by obtaining from the participant appropriate information (i.e., investment objectives, risk tolerance, time horizon, and any reasonable restrictions the client wishes to impose upon the management of the account). Initial investment strategy is jointly determined based on an assessment of the information provided by the client.

While we provide the client with periodic reminders, it remains the client's responsibility to advise us of any changes to the information previously provided that might impact the ongoing suitability of any prior determined investment strategies and/or objectives. We will promptly communicate any reported changes to the client's portfolio manager.

E.A. Horwitz's investment adviser representative will directly contact each wrap fee program client at least annually to verify that there has been no change in the client's financial circumstances and/or investment objectives, and determine whether the client wishes to impose any reasonable restrictions on the management of the account(s). Any such changes or requests are communicated in writing to the client's portfolio manager, who is responsible for implementing appropriate adjustments to the client's portfolio.

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## **Item 8 Client Contact with Portfolio Managers**

E.A. Horwitz' investment adviser representatives are reasonably available to consult with clients regarding the status of their account.

## **Item 9 Additional Information**

### **Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

### **Affiliations**

Management personnel of E.A. Horwitz are separately licensed as registered representatives of Insight Securities Inc., an unaffiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation.

While E.A. Horwitz and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Management personnel of E.A. Horwitz, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by E.A. Horwitz and its management persons or employees creates a conflict of interest that may impair the objectivity of our E.A. Horwitz and these individuals when making advisory recommendations. E.A. Horwitz endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for E.A. Horwitz and our employees to earn compensation from advisory clients in addition to our advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- E.A. Horwitz's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;

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- 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 E.A. Horwitz; 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.

As previously disclosed, we recommend the services of various registered investment advisers to our clients. In exchange for this recommendation, we receive a referral fee from the selected investment adviser. The fee received by us is typically a percentage of the fee charged by that investment adviser to the referred client. The portion of the advisory fee paid to us does not increase the total advisory fee paid to the selected investment adviser by the client. We do not charge the client any fees for these referrals.

We are aware of the special considerations required under Rule 206(4)-3 of the Investment Advisers Act of 1940. As such, all appropriate disclosure shall be made and all applicable Federal and State laws will be observed.

Clients should be aware that the receipt of additional compensation by E.A. Horwitz and its management persons or employees creates a conflict of interest that may impair the objectivity of E.A. Horwitz and these individuals when making advisory recommendations. E.A. Horwitz endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for us or our employees to earn compensation from the referral of clients to other registered investment advisers;
- we disclose to the client in a separate disclosure document the compensation we receive in exchange for the client's referral to the selected investment adviser;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- E.A. Horwitz's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we conduct initial and periodic due diligence on the selected investment advisers to establish that the advisers are suitable to recommend to our clients; 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.

As previously disclosed, clients may require us to custody their assets with and to place trades through our broker-dealer as a condition for participation in the E.A. Horwitz Managed Wrap program. Insight Securities, Inc. is an unaffiliated FINRA-member broker dealer and the clearing



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firm and custodian that we use for brokerage accounts. Our firm has evaluated Horwitz and Associates and believes that it will provide our clients with a blend of execution services, commission costs, and professionalism that will assist us in meeting our fiduciary obligations to clients.

In evaluating such an arrangement, the client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by E.A. Horwitz on a trade-by-trade basis, and best execution may not be achieved. In addition, as noted above in Item 4, transactions in the client's account are effected "net" (i.e., without separate commission charge to the client) and a portion of the wrap fee is generally considered as being in lieu of commissions. Not all advisers require clients to direct it to use a particular broker dealer, though the sponsors of wrap fee programs typically do.

### **Custody**

E. A. Horwitz LLC may recommend that clients establish brokerage accounts to maintain custody of clients' assets and to execute trades for their accounts with the following custodians as registered broker-dealers and SIPC members:

- JPMorgan Clearing Corp. (JPMCC)
- Pershing LLC, a division of Bank of New York Mellon. (Pershing)
- Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab)
- Apex Clearing LLC (Apex)

While advisors attempt to recommend custodians based on anticipated services needed by the client, the final decision to custody assets with a given custodian is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA accountholder. Certain custodians may apply fees for custodial services rendered.

E. A. Horwitz LLC is independently owned and operated and not affiliated with the aforementioned custodians. Custodians provide E. A. Horwitz LLC with access to its institutional trading and custody services, which are typically not available to retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least a pre-determined amount of the advisor's clients' assets are maintained in accounts at a Custodian. Each custodian's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, 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.

Custodians are compensated by E. A. Horwitz LLC through commissions or other transaction-related or asset-based fees for securities trades that are executed through the custodian or that



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settle into custodial accounts. The fact that the advisor pays transaction-based fees may cause a material disincentive to the advisor to transact trades in a client's account.

The cost to trade securities varies between custodians; therefore the advisor may be motivated to recommend the custodian with the lowest trading cost in order to minimize their expenses.

Custodians may also make available to E. A. Horwitz LLC other products and services that benefit E. A. Horwitz LLC but may not benefit its clients' accounts. These benefits may include national, regional or E. A. Horwitz LLC -specific educational events organized and/or sponsored by the custodian(s). Other potential benefits may include occasional business entertainment of personnel of E. A. Horwitz LLC by custodian personnel, some of which may accompany educational opportunities. Other of these products and services assist E. A. Horwitz LLC in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of E. A. Horwitz LLC's fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of E. A. Horwitz LLC accounts. The Custodians also makes available to E. A. Horwitz LLC other services intended to help E. A. Horwitz LLC manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, the custodians may make available, arrange and/or pay vendors for these types of services rendered to E. A. Horwitz LLC by independent third parties. Custodians may discount or waive fees it 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 E. A. Horwitz LLC. While, as a fiduciary, E. A. Horwitz LLC endeavors to act in its clients' best interests, E. A. Horwitz LLC's recommendation that clients maintain their assets in accounts at a certain custodian may be based in part on the benefit to E. A. Horwitz LLC of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided, which may create a potential conflict of interest.

All investment advisory clients receive at least one report per month that details transactions, lists all security positions, realized and unrealized gains or losses. Clients receive various performance data quarterly. These reports enable the client to review and audit the performance of their investment advisory account.

Clients receive consolidated reports from E. A. Horwitz LLC monthly, quarterly, or annually (depending on client's preference) that illustrate investment performance, current market values, and asset allocation.

Clients will also receive statements at least quarterly directly from their account's custodian. In addition, clients have the ability to access their account information online at any time.

E. A. Horwitz LLC urges you to carefully review such statements and compare such official

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custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, pricing sources, or valuation methodologies of certain securities.

## Brokerage Practices

E. A. Horwitz LLC does not participate in any soft dollar arrangements with any broker dealer in connection with client securities transactions.

Firm may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a FINRA registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Although we recommend that clients establish accounts at Schwab, it is the client's decision to custody assets with Schwab. Firm is independently owned and operated and not affiliated with Schwab.

Schwab provides Firm with access to its institutional trading and custody services, which are typically not available to Schwab 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 Schwab Institutional. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions). Schwab'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.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab Institutional also makes available to our firm other products and services that benefit Firm but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' 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 functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

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- i. compliance, legal and business consulting;
  - ii. publications and conferences on practice management and business succession; and
  - iii. access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Firm. Schwab Institutional may discount or waive fees it 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 Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, 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 Schwab, which may create a potential conflict of interest.

For discretionary clients, Firm requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

These clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

Firm does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Firm will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Firm will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Firm's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Firm, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Firm to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

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- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
  - 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.
  - 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
  - 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
  - 8) Firm's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
  - 9) Funds and securities for aggregated orders are clearly identified on Firm's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
  - 10) No client or account will be favored over another.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

E.A. Horwitz and our personnel 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 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 E.A. Horwitz'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.

E.A. Horwitz' Code of Ethics further includes the E.A. Horwitz's policy prohibiting the use of

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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.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to [ed@horwitzadvisors.com](mailto:ed@horwitzadvisors.com)

E.A. Horwitz and individuals associated with our firm are prohibited from engaging in principal transactions.

E.A. Horwitz and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain securities which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm prohibits any IPO and prior approval private placement investments by related persons of the firm.

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5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.
  6. We have established procedures for the maintenance of all required books and records.
  7. All clients are fully informed that related persons may receive separate commission compensation when effecting transactions during the implementation process.
  8. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
  9. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
  10. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
  11. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
  12. Any individual who violates any of the above restrictions may be subject to termination.

As previously disclosed, related persons of our firm are separately registered as securities representatives of a broker-dealer. Please refer to the preceding section for a detailed explanation of these relationships and important conflict of interest disclosures.

E. A. Horwitz LLC also offers non-wrap investment advice to clients in which a client can pay transaction-based fees as well as a fee based on account assets. As such the advisor may have an incentive to recommend non-wrap investment advice to curtail transactional expenses incurred.

Certain associated persons of E. A. Horwitz LLC are licensed insurance brokers, and as such, do on occasion sell insurance products to the clients of E. A. Horwitz LLC.

### **Review of Accounts**

E. A. Horwitz LLC, as investment advisor, reviews all investment advisory accounts. Changes in market prices, interest rates, news stories, earning reports, etc., that are deemed to have an effect on a client account would initiate a review of the account. All investment advisory accounts are reviewed at least monthly by Edward A. Horwitz and Gerald Horwitz.

Clients receive consolidated reports periodically (monthly, quarterly, or annually, depending on client's preference) that illustrate investment performance, current market values, and asset allocation. Clients may also receive upon request monthly, quarterly, semi-annual or annual personal review of their portfolio.

E. A. Horwitz LLC does not have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients.

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## **Client Referrals and Other Compensation**

E. A. Horwitz LLC does not have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients.

E. A. Horwitz LLC does not directly or indirectly compensate any person for client referrals.

## **Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about E. A. Horwitz LLC's financial condition. E. A. Horwitz LLC has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.