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## **Item 1 – Cover Page**

E.A. Horwitz, LLC

1650 Lake Cook Road

Suite 190

Deerfield, IL 60015

224-632-4600

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, LLC is also 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 Central Registration Depository (CRD®) number. Our firm's CRD number is #165561.

Date Prepared 03/20/2014

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## Item 2 – Material Changes

E.A. Horwitz, LLC is re-organized Adviser. Edward A. Horwitz, as General Manager, has been a financial representative since 1991 and an investment adviser representative since 1995.

Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 90 days of the close of our business' fiscal year, which is December. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure or Supplements as necessary based on material changes or new information, at any time, without charge.

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. Edward A. Horwitz, with over 23 years of investment and advisory experience, is the manager of E.A. Horwitz, LLC.

These services 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 appropriate hold or sell recommendations are made.

The advisory firm 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 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 also offers comprehensive fee-based financial planning. The planning process involves six steps:

- Identifying and Prioritizing Objectives
- Gathering Information
- Analyzing Information
- Developing a Plan which includes Proposing Recommendations
- Implementing the Plan
- Tracking Plan Progress

## **Item 5 – Fees and Compensation**

Fees for ongoing asset monitoring are generated based on a percentage range of 0.625% 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). 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

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under certain circumstances. Monitoring services may be terminated by either party at any time for any reason.

Any unearned fees are refunded on a pro-rate basis less reasonable costs.

Clients may also be charged custodial service fees and transactional fees imposed by regulatory authorities; as well as brokerage costs, which are explained in Item 12 – Brokerage Practices.

E.A. Horwitz, LLC also offers wrap-fee investment advice to clients in which E.A. Horwitz, LLC pays transaction-based fees. As such the advisor may have an incentive to recommend non-wrap investment advice to curtail transactional expenses incurred.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. 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.

***Mutual Fund Fees:*** All fees paid to E.A. Horwitz, LLC for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Wrap Fee Programs and Separately Managed Account Fees:*** Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not

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limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to E.A. Horwitz, LLC 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, LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRA's) 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, Firm 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, LLC 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 \$1,200.00 more than six months in advance of services rendered.

Investment Advisor representatives may also receive compensation from the purchase and sale of securities and other investment products, including asset-based sales charges or service fees from the sales of investment company products.

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.

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

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

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

## **Item 7 – Types of Clients**

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

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institutions, foundations, endowments, municipalities, banking institutions, registered mutual funds, private investment funds, trust programs, and other institutions.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

E.A. Horwitz, LLC may use Charting, as well Fundamental, Technical and Cyclical analysis.

***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.

E.A. Horwitz, LLC runs two portfolios: The Growth Portfolio and The 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. When 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 banks 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 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

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- 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**

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



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- Profitable Margin Growth
  - Return on Equity
  - Return on Sales
  - Return on Assets
  - Sector vs. Current Holdings
  - Suitability
  - Tax Considerations
  - Technical & Psychological Considerations
  - Time of Year

A significant part of our strategy may involve covered call writing. A covered call is a financial market transaction in which the seller of call options owns the corresponding amount of the underlying instrument, such as shares of a stock or other securities. Writing a call generates income in the form of the premium paid by the option buyer. If the stock price remains stable or increases, then the writer will be able to keep this income as a profit, although the profit may have been higher if no call were written. The risk of stock ownership is not eliminated. If the stock price declines, then the net position will likely lose money.

### ***INVESTMENT STRATEGIES***

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

***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.

***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:

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- 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 would buy a put if we believe that the price of the stock could 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 a security you own. In this strategy, you receive a premium 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.

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.

### **Item 9 – Disciplinary Information**

E.A. Horwitz, LLC has no information applicable to this Item.

### **Item 10 – Other Financial Industry Activities and Affiliations**

#### **Principal Business Activities of E.A. Horwitz, LLC**

Edward A. Horwitz & Gerald A. Horwitz are Registered Representatives and Registered Principals with Western International Securities, Inc., a Broker-Dealer registered with the Financial Industry Regulatory Authority. Edward A. Horwitz & Gerald A. Horwitz are also investment advisers for E.A. Horwitz, LLC. They maintain active licenses to sell securities and receive commission for securities sold to clients, when clients purchase securities through Western International Securities Inc. This compensation creates conflicts of interest which clients should consider when engaging our services. Clients may always choose a different securities brokerage firm to implement our advice.

Management personnel of our firm, in their individual capacities, are agents for various

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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, LLC and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. E.A. Horwitz, LLC 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, LLC and our employees to earn compensation from advisory clients in addition to our firm's 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, LLC 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 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, LLC; 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.

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

We sponsor The Helmsman Group managed account platform; a service bureau division of E.A. Horwitz, LLC which provides portfolio management services for sub-advisors. 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 the custodian and transactional fees imposed by regulatory authorities.

#### **Helmsman Group Fee Structure**

\$100,000.00 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 occurs simultaneously and involves a conflict of interest when implementing our investment strategies. We do not compensate third-parties for referring client accounts for our management.

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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.

## **Item 11 – Code of Ethics**

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

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, LLC and individuals associated with our firm are prohibited from engaging in principal transactions on assets in which fees are charged on.

E.A. Horwitz, LLC 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

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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.
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.

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.

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Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Item 12 – Brokerage Practices**

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

E.A. Horwitz, LLC will supervise and direct the investments of the client accounts subject to such limitations as the client may impose in writing. E.A. Horwitz, LLC, as agent and attorney-in-fact with respect to the client's account, without prior consultation with the client, may place orders for the execution of such securities transactions with Western International Securities, Inc. or other third party broker/dealers. E.A. Horwitz, LLC will allocate brokerage transactions in a manner it believes to be fair and responsible to its clients, and consistent with client objectives. Adhering to a strict formula will not be practicable given the variation in client objectives and guidelines.

E.A. Horwitz, LLC may place orders for the execution of transactions with J.P. Morgan Clearing Corp., Charles Schwab & Co., Inc. or Pershing LLC. E.A. Horwitz, LLC may select another broker/dealer, and while complying with Section 28(e) of the Securities Exchange Act of 1934. E.A. Horwitz, LLC suggests that its clients utilize Western International Securities, Inc. whereby Horwitz clears securities transactions on a fully disclosed basis through J.P. Morgan Clearing Corp., Pershing LLC, and Charles Schwab & Co., Inc. as an introducing broker. Further, J.P. Morgan Clearing Corp., Pershing LLC, and Charles Schwab & Co., Inc. hold all customer funds and/or securities on behalf of E.A. Horwitz, LLC's brokerage customers for purposes of the Securities Investor Protection Act. Any research and recommendations provided by the executing and clearing broker is used to service all accounts.

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

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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:

- 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



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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.
- 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.



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### **Item 13 – 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 & Gerald A. Horwitz.

Clients receive statements from the custodian of assets at least quarterly, or monthly, if there is activity in the account. (See Item 15 on Custody) Clients may give written request to receive their statements and trade confirmations electronically from the custodian.

### **Item 14 – 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 compensates any person for client referrals.

### **Item 15 – 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:

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

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

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investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

Custodians are compensated by customers through commissions or other transaction-related or asset-based fees for securities trades that are executed through the custodian or that settle into custodial accounts.

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.

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

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### **Item 16 – Investment Discretion**

E.A. Horwitz, LLC maintains discretionary authority over the selection and amount of securities to be bought or sold in client accounts without obtaining prior consent of approval from the client.

A limited power of attorney is a trading authorization for this purpose. A limited power of attorney is required so that we may execute the trades that you have approved. Limitations to our authority are fully disclosed in our Advisory Agreement provided to you prior to your participation. We make only those investment decisions that are suitable for each client.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, E.A. Horwitz, LLC does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. E.A. Horwitz, LLC may provide advice to clients regarding the clients' voting of proxies.

### **Item 18 – 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.

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## Part 2B of Form ADV: Brochure Supplement

### **Education and Business Standards**

Horwitz generally requires associated persons to have a college degree or several years of related experience, all required industry licenses, high standards of morals and ethics and a commitment to providing quality investment advice.

This brochure supplements the E.A. Horwitz, LLC Firm Brochure. You should have received a copy of that brochure. Please contact us at 224-632-4600 if you did not receive a Firm Brochure.

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## **BROCHURE SUPPLEMENT - Education and Business Background**

### **Gerald A. Horwitz**

**Born:** 1935

#### **Education:**

University of Wisconsin 1953  
BS, Roosevelt University 1959  
University of Chicago Graduate School 1960  
Northwestern University - Faculty 1967-1969  
Harvard University - Endowment Institute 1998-1999  
The American College - Certified Advisor in Philanthropy, 2010  
Harvard Kennedy School, Behavioral Finance 2013

#### **Business Experience:**

Skilled in the broker/dealer, investment advisory, leasing business, banking and planned giving fields for the last forty years. Possesses a conservative investment philosophy, a high sense of integrity, assures quality investments, and provides time-tested advice and strategies.

1971 - 2012, Horwitz & Associates, Inc.  
Chief Executive Officer and Chairman of the Board

1971 - Present, Triumphe Leasing Group, Inc.  
President and Chairman of the Board

1987 - Present, Raffaello, Inc.  
CEO and Director

#### **Financial Industry Regulatory Authority (FINRA)**

Financial Reporting Committee Member 1976-1979  
Direct Participation Programs Committee Member 1979-1981  
District Committee Member 1985-1989  
Business Conduct Committee (District) 1985-1989  
Chairman - District #8 1988-1989  
Nominating Committee Member 1992  
Chairman - Nominating Committee 1993

#### **Member, Securities Industry Association**

Regional Firm Committee 1984-1986  
Direct Investment Committee 1990-1995  
Technology Regulatory Subcommittee 1996-1999  
Local Firms Committee 1996-2002

#### **Member, Independent Broker/Dealer Trade Association, 1975**

Member, Midwest Stock Exchange 1971-1980  
Associate Member, New York Stock Exchange 1967-1969  
New York Stock Exchange "Securities Matter Expert"  
Member, Financial Planners Association (formally International Association Financial Planner)  
Chapter Board Member  
Member, Association of Investment Brokers  
Past President 1965-1966  
Matrix Capital Bank (\$1.5 billion bank), Director, Audit and Loan Committee 2002-2005  
Member, National Council on Planned Giving

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Member, Chicago Council on Planned Giving, Director 2002-2005  
Oakton Community College Education Foundation, Director

Active FINRA Licenses -

Series 1 – General Securities Representative  
Series 40 – General Securities Principal  
Series 55 – Equity Trader  
Series 63 – Uniform Securities Agent State Law  
Series 79 – Investment Banking Principal  
Series 99 – Operations Professional

Insurance Licenses: Life/Health/Variable Life

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## **BROCHURE SUPPLEMENT - Education and Business Background**

### **Edward A. Horwitz**

**Born:** 1968

#### **Education:**

BS Finance, University of Nevada, Las Vegas, 1991

University of Pennsylvania - SIA Institute - Wharton School, 2001

DePaul University, Chicago - CFP Program, 2002

Harvard Kennedy School, Behavioral Finance 2013

#### **Business Experience:**

Edward A. Horwitz is presently manager of E.A. Horwitz, LLC and an OSJ Branch Manager of Western International Securities, Inc. Horwitz & Associates has been serving customers for over 40 years. He is a Financial Advisor with a proven record of service and accomplishments including: Corporate and Individual Investment Services, Estate Planning, College and Retirement Planning, all customized to the appropriate and specific needs of the Individual and Corporate Client. He maintains approximately 1,400 customer accounts. Ed has mastered the use of Options as an investment tool and works in conjunction with other professionals and Financial Advisors. In addition, he is active in training Registered Representatives and Administrative personnel, runs the OSJ's Bond Trading Desk, and is actively involved with outside Market Makers to receive the best trade prices possible for our clients.

He has had related career experience as an Assistant Financial Planner at IDS/American Express in Las Vegas, NV and a Series 6 Exam Instructor at ABRI in Skokie, IL.

12/2012-Present, E.A. Horwitz, LLC  
Manager

2007-Present, The Helmsman Group  
CEO

1991-2012, Horwitz & Associates, Inc.  
President and Director

1991-1997, National Aircraft Carriers Association  
Part time airline operations, O'Hare Airport

1988-1991, America West Airlines, Las Vegas,  
Flight Operations

Financial Industry Regulatory Authority (FINRA)  
Series 7 Writing Committee Member 2010-present  
FINRA Industry Arbitrator 2008-present  
IL/SIFMA Member 2007 - Present  
District 8 Committee Member 2008 - 2012

2008-Present DeNovo Bank, Deer Park, IL, Director

Past Board Member, Children's Heart Foundation, Lincolnshire, IL

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Chapter Advisor, SAE, IL-PO Northwestern University

Active FINRA Licenses:

Series 4 - Option Principal

Series 7 - General Securities Representative

Series 24 - General Securities Principal

Series 27/28 - Broker/Dealer Financial Operations Principal

Series 55 - Equity Trader

Series 63- Uniform Securities Agent State Law

Series 65 - Uniform Investment Adviser Law Exam

Series 79 - Investment Banking principal

Insurance Licenses: Life/Health/Variable Life/Long Term Care



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## **BROCHURE SUPPLEMENT - Education and Business Background**

### **Ashley Gallo**

#### **Education:**

BS, University of Findlay, OH, 2007  
2007 - Present - Horwitz & Associates  
Registered Sales Assistant

#### **Active FINRA Licenses:**

Series 7 – General Securities Representative  
Series 66 – Uniform Investment Adviser

### **Joseph Lasquite**

#### **Education:**

BS, Northeastern Illinois University, Chicago, 2005  
2008 - Present - Horwitz & Associates  
Portfolio Administration

### **Ridhdhi Shah**

#### **Education:**

BS, DeVry Institute of Technology, 2002  
2007 - Present - Horwitz & Associates  
Portfolio Administration

### **Nicoletta Vasilopoulos**

#### **Education:**

BS, University of Illinois at Chicago  
2013 – Present – Horwitz & Associates  
Accounting

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## Part 2B of Form ADV: Brochure Supplement

### Addition of Charles Schwab & Co., Inc. as Custodian (September 2012)

E.A. Horwitz, LLC (Horwitz) may recommend that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to execute trades for their accounts. The final decision to custody assets with Schwab 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.

Horwitz is independently owned and operated and not affiliated with Schwab. Schwab provides Horwitz 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 advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. Schwab'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.

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

Schwab also makes available to Horwitz other products and services that benefit Horwitz but may not benefit its clients' accounts. These benefits may include national, regional or Horwitz-specific educational events organized and/or sponsored by Schwab Institutional. Other potential benefits may include occasional business entertainment of personnel of Horwitz by Schwab Advisor Services personnel, some of which may accompany educational opportunities. Other of these products and services assist Horwitz 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 Horwitz'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 Horwitz accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to Horwitz other services intended to help Horwitz 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, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Horwitz by independent third parties. 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 Horwitz. While, as a fiduciary, Horwitz endeavors to act in its clients' best interests, Horwitz's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to Horwitz 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 by Schwab, which may create a potential conflict of interest.

**Please review Item 12 – Brokerage Practices, and Item 15 – Custody, of the most current Form ADV Brochure for further information pertaining to this Supplement.**