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FORM ADV PART 2A

This brochure provides information about the qualifications and business practices of Safe Harbor Asset Management, Inc. If you have any questions about the contents of this brochure, please contact us at 631-421-4341. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Safe Harbor Asset Management, Inc. 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 CRD Number. Our CRD number is 124787.

## Item 2 Material Changes

Safe Harbor Asset Management, Inc. is required to advise you of any material changes to our Firm Brochure (“Brochure”) from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of the Brochure, and we must provide the date of the last annual update of our Brochure.

Please note that we do not have to provide this information to a client or prospective client who has not received a previous version of our brochure.

The date of the last annual update of our Brochure was filed on April 14, 2014.

As of April 14, 2014 we have registered with the SEC.

As of August 2015 we have changed our firm name from Stephen K. Davis Financial Services, LTD DBA Safe Harbor Asset Management to Safe Harbor Asset Management, Inc.

As of June 2015 we no longer utilize Pershing as a custodian and use TD Ameritrade Institutional to custody client assets.

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#### Item 4 Advisory Business

Safe Harbor Asset Management, Inc. is a Registered Investment Advisor since 1995 and currently registered with the Securities and Exchange Commission. We provide financial planning and comprehensive advisory and portfolio asset management services to individuals, high net worth individuals and pension and profit sharing plans. The principal owner is Stephen K. Davis.

##### **Portfolio Management Services**

We provide advice regarding the investment of client funds based on the individual needs of the client and the investment philosophy of our firm. Through personal discussions in which the financial objectives, investment time horizon and risk tolerance of a client's particular circumstances are established and written in a personal Investment Policy Statement. We provide this service to individuals, pension and profit sharing plans, and corporations. Our firm will manage advisory accounts on a discretionary or non-discretionary basis.

We may create a portfolio of mutual funds, closed end funds, exchange traded funds, real estate investment trusts and other pooled investment vehicles and directly manage the investments, and may, in addition, allocate all or a portion of a client's assets to independent third party money managers. When managing a portfolio of funds, we will allocate the client's assets among the various investments and thereafter periodically rebalance and reallocate the portfolio assets. Accounts will be reviewed for rebalancing on a quarterly basis and upon the occurrence of market events, and rebalanced as appropriate at such times. Funds and other pooled investments vehicles will be selected on the basis of any or all of the following criteria: performance history; the industry sector or investment objective represented by the fund; the track record of the fund's manager; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting among funds will be determined by each client's individual needs and circumstances. Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities. As December, 2014, our firm manages \$29,565,275 on a discretionary basis and \$0 on a non-discretionary basis.

##### **Financial Planning Services**

We also provide advice in the form of a computerized Financial Plan. Clients purchasing this service will receive a written financial plan, providing the client with a detailed financial plan designed to achieve their stated financial goals and objectives. In general, the financial plan may address any or all of the following areas of concern:

- Investment portfolio design, evaluation and implementation
- Pension investment management
- Retirement planning
- Estate tax matters and planning
- Business planning
- Tax management of investments and property
- Charitable Remainder Trusts
- Insurance Evaluation, life and disability, as to amount and type

Our firm gathers required information through in-depth personal interviews. Information gathered includes a client's current financial status, future goals and attitudes toward risk. Related documents supplied by the client are carefully reviewed, which may include a questionnaire completed by the client, and a written report if prepared. Should a client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

**Consulting**

Clients can also receive investment advice on a more limited basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client, such as review of client portfolios not managed by our firm. Additionally, we provide advice on non-securities matters. Generally, this is in connection with the rendering of estate planning, insurance, and/or annuity advice.

**Seminars**

Our firm occasionally holds seminars on the techniques and strategies of financial planning. The seminars cover topics such as Modern Portfolio Theory, asset allocation, retirement planning, estate planning, investment planning, specific investment product sessions and generic education sessions on the aspects of financial planning. Attendance at these seminars is restricted by invitation.

## Item 5 Fees and Compensation

### Portfolio Management Services

The annual fee for Portfolio Management Services will be charged as a percentage of assets under management, according to the fee schedule below:

<u>Assets under Management</u>		<u>Per Quarter (%)</u>	<u>Annual Fee(%)</u>
First	\$250,000	.625%	2.50%
Next	\$250,001 to \$500,000	.25%	1.00%
Next	\$500,001 to \$2,000,000	.20%	0.80%
Next	\$2,000,001 to \$5,000,000	.15%	0.60%
Over	\$5,000,001	Negotiable	

The advisory fee will be charged in advance at the end of the calendar quarter based upon the value of the assets held in the client's account as of the date it is deducted. The value of the assets will be the market value reported by the custodian maintaining the client's assets, and if there is no reported value for an asset, then the value of such asset will be the fair value as determined by our firm. All fees are debited direct from the clients accounts by the custodian.

For new accounts, the initial advisory fee will be based upon the value of the client's assets and will be prorated from the date the account is fully funded, and will be due and payable at such time. Subsequent quarterly fees will be deducted from the client's account.

A client agreement may be canceled at any time, by either party, for any reason 30 days after receipt of written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded upon a client's written or verbal request. Fees will be prorated based on the date of termination. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

In addition to the advisory fee, clients will be assessed a ticket charge in connection with the TD Ameritrade Institutional Platform. The ticket charge will be debited from the client's account. The ticket charges are as follows:

<u>Transaction Type</u>	<u>Ticket Charge</u>
Equity/ETF	\$8.95
Mutual Fund Transaction Fee	\$24.00 flat
Bond & CD Trades	\$35.00 flat
Options Transaction	\$8.95 + \$.75 per contract
Unit Investment Trusts	\$35.00

Please see section 12 Brokerage services for more details.

In the event the termination of a client agreement involves a liquidation of securities or a withdrawal of funds from an account, any fees, commissions, or other expenses associated with the withdrawal or liquidation may be charged to the client.

### **Financial Planning and Consulting Services**

The fee for Financial Planning and Consulting Services will be based on a hourly rate of \$275.00. An estimate of the amount of time that will be required to perform the service may be provided at the start of the client relationship. The amount of time that will be required to prepare a comprehensive financial plan will depend upon the complexity of the client's circumstances and the services to be provided. Typically, a comprehensive financial plan will cost between \$1,500 and \$2,500. Of the estimated total fee, the client may be required to pay \$1,500 before work on the plan begins, with the balance due (based on the actual time spent) upon presentation of the written plan to the client. Typically the financial plan will be presented to the client within 10 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the client.

Termination of the advisory service may be effected upon receipt of written notice. In the event of termination of the advisory service before the presentation of the written plan, all earned and unpaid fees will be due and payable, and all unearned and prepaid fees will be refundable, in each case based upon the amount and type of work actually performed prior to the receipt of notice of termination. In addition, in the event of termination by the client after signing the contract, there is a minimum administrative fee in the amount of \$75.00.

### **Seminars**

Normally, no fees are charged for Seminars.

#### General information on services and fees:

Advisory Fees in General: Clients should note that similar advisory services may be available from other registered investment advisers for similar or lower fees.

Fee calculation: The fee charged for portfolio management services is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client.

Mutual Fund Fees and Expenses: All fees paid to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds, ETF's, or other pooled investment vehicles ("Funds") 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. Certain Funds also impose sales charges. A client could invest in a Fund directly, without the services of our firm. 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 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 the fees charged by our firm to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.



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

We do not charge performance-based fees to our clients.

## Item 7 Types of Clients

Our firm provides advice to clients such as individuals, high net worth individuals and pension and profit sharing plans. Generally, a minimum of \$100,000 of assets under management is required for portfolio management services involving directly managed accounts. For portfolio management services involving accounts separately managed by a third party manager, account minimums will be determined on an individual client basis. Generally, financial plans are provided for a minimum fee of \$1,500.

In limited circumstances, these minimums may be negotiable based on the nature and scope of the client relationship.

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

Our firm's portfolio management services uses a fundamental investment approach known as Modern Portfolio Theory. The goal of this approach is to identify the client's acceptable level of risk tolerance and then to construct a portfolio with the maximum expected return for that level of risk. Investing in securities involves risk of loss that clients should be prepared to expect.

We use various computer based analytical tools to determine the relevant characteristics of our investment strategies such as standard deviation, correlation coefficient, expected rate of return, etc. We currently rely on Morningstar, Bloomberg, State Street and IShares web based analytical software.

Item 9    Disciplinary Information

Our firm, nor its principal, Stephen K. Davis, have any disciplinary history or event.

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

Stephen K. Davis is a registered representative of American Portfolios Financial Services, Inc. (hereafter, “APFS”), a FINRA member broker-dealer. The brokerage services provided by APFS are separate from the advisory services provided by our firm. In his separate capacity as registered representative of APFS, Mr. Davis has existing clients who maintain commission based brokerage and “non-brokerage” accounts with APFS and for whom he implements securities transactions, and he may, in addition, establish and maintain commission based brokerage and “non-brokerage” accounts with APFS for clients of our firm. Mr. Davis will receive separate and customary compensation for acting as registered representative and implementing securities transactions for clients of APFS.

Mr. Davis is also a licensed insurance broker for various insurance companies. The insurance services provided by Mr. Davis in his capacity as a licensed insurance broker are separate from the advisory services provided by our firm. In his separate capacity as insurance broker, Mr. Davis may purchase various insurance and insurance related products for clients of our firm. Mr. Davis will receive separate and customary compensation when acting as an insurance agent and purchasing insurance products for clients of our firm.

Mr. Davis may spend as much as 10% of his time on these other business activities.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

We have adopted a Code of Ethics expressing the firm's commitment to ethical conduct. The Code of Ethics describes our firm's fiduciary duties and responsibilities to clients, and sets forth our practice of supervising the personal securities transactions of supervised persons with access to client information. Individuals associated with our firm may buy or sell securities for their personal accounts identical to or different than those recommended to clients. It is the expressed policy of our firm that no person employed by us shall prefer his or her own interest to that of an advisory client or make personal investment decisions based on the investment decisions of advisory clients.

To supervise compliance with its Code of Ethics, we require that anyone associated with this advisory practice with access to advisory recommendations provide annual securities holding reports and quarterly transaction reports to the firm's Chief of Compliance Officer. We require such access person also to receive approval from the Chief Compliance Officer prior to investing in any IPO's or private placements (limited offerings).

We require that all individuals must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Our Code of Ethics further includes our firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline.

We will provide a complete copy of our Code of Ethics to any client or prospective client upon request to the Chief Compliance Officer at our principal address.

Item 12      Brokerage Practices

Brokerage Practices

We currently utilize the brokerage services provided by TD Ameritrade Institutional (“TD”) administered through our introducing broker-dealer, American Portfolios Financial Services, Inc. TD facilitates all trades in client accounts. Although we have the ability to access other custodians, we prefer to use TD due to the advanced technology, lower trading fees and bank affiliation.

Research and other Soft Dollar Practices

There is no soft dollar compensation provided by TD for research. All research is developed internally. During our last fiscal year, we derived no products or services from TD as a result of trading activity.

Directed Brokerage

We require clients direct all trades through our introducing broker-dealer, American Portfolios Financial Services, Inc. and subsequently through TD, our clearing broker dealer. Neither our firm nor its principal, Stephen K. Davis, receives commission compensation from TD.

### **Portfolio Management Services**

**Reviews:**

Reviews of accounts and third party money managers employed by our firm, and reallocations of client assets, are performed on a quarterly basis. Accounts are reviewed for their expected rate of return, expected risk and portfolio weighting. More frequent reviews, and more frequent reallocations, may be triggered by changes in the client's risk tolerance level, other individual needs and circumstances and market events. Reviews are performed by Stephen K. Davis.

**Reports:**

Clients of our firm will receive approximately 8 reports annually, consisting of four quarterly rebalance analysis reports and 4 quarterly valuation reports as well as billing reports. These reports are run using the Advent Black Diamond program and available online to our clients through their client portal. A paper version is also sent out to clients upon request. The valuation report given is the Custom Performance Report. This will show year to date performance on the total account as well as any withdrawals or contributions made. A breakdown of the performance of each position held in the account will be included as well as a time weighted return of performance from inception compared to the custom benchmark for the composite they are in. A Billing report is also given which discloses their quarterly management fee that was deducted as well as a breakdown of how that was calculated.

### **Financial Planning Services**

**Reviews:**

Review of Financial plans will be performed at the request of the client or as agreed upon at the inception of the advisory relationship. Typically, reviews result from changes in the client's circumstances, such as births, deaths or changes in income. Reviews are performed by Stephen K. Davis.

**Reports:**

Financial Planning clients will receive a written Financial Plan. Additional reports will be provided as agreed upon at the inception of the advisory relationship.



Item 14 Client Referrals and Other Compensation

- A. We may recommend that a client in need of brokerage and custodial services utilize TD Ameritrade Institutional, among others. It may be the case that the recommended broker charges a higher fee than another broker charges for a particular type of service, such as commission rates. Clients may utilize the custodian of their choice and have no obligation to purchase or sell securities through such custodian as our firm recommends. In selecting a custodian, we will endeavor to select those custodians that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the custodian's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services. When consistent with our firm's fiduciary duty of best execution, the firm will direct trades to any of the suggested custodians listed above. We may receive research and execution related services from TD Ameritrade Institutional to assist our firm in managing its accounts. These services and products would include financial publications, pricing information and other products or services. Such research and execution related services are offered to all investment advisors who utilize these firms. However, the commissions charged by these parties may be higher than those charged by a broker who does not provide the aforementioned research and execution related services.
- B. We have no arrangement to directly or indirectly compensate a non-supervised person for client referrals.

Item 15

Custody

We do not have custody of client funds. Clients receive monthly brokerage statements from the custodian, TD Ameritrade Institutional. Clients can opt to receive monthly electronic statements or have hard copies mailed to them.

Clients are encouraged to compare the quarterly performance reports we provide with the brokerage account statements provided by TD Ameritrade Institutional.

Item 16 Investment Discretion

For all portfolio management clients, our firm through its “Strategic Asset Management” Service, maintains full discretionary authority to allocate, (on a percentage basis) mutual funds and listed securities within client’s portfolios and the asset classes so identified by the service. Our Safe Harbor Investment Advisor Agreement discloses this and a signed copy is kept in the client’s electronic file.

Any limitations on this discretionary authority shall be included in this written authority statement. Clients may change/amend these limitations as required. Such amendments shall be submitted in writing.

Item 17 Voting Client Securities

**Proxy voting:** As a matter of Firm policy, our firm does not vote proxies on behalf of advisory clients. Clients are responsible for voting their own proxies. However, we may provide clients with consulting assistance regarding proxy issues.

**Class Actions, Bankruptcies and Other Legal Proceedings:** Client's should note that we will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18 Financial Information

- A. We do not solicit prepayment of fees of more than \$1200 six months or more in advance, therefore a balance sheet is not included.
- B. There is no additional financial condition to disclose that may impair our ability to meet contractual commitments to our clients.
- C. We have not been subject to a bankruptcy petition therefore we have nothing to disclose.