

**Brochure**

**Form ADV Part 2A**

**Item 1 - Cover Page**

**Holcombe Financial, Inc.**

**CRD# 142238**

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**[www.HolcombeFinancial.com](http://www.HolcombeFinancial.com)**

**April 15, 2015**

This brochure provides information about the qualifications and business practices of Holcombe Financial, Inc. If you have any questions about the contents of this brochure, please contact us at (800) 298-9904 or [info@holcombefinancial.com](mailto:info@holcombefinancial.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Holcombe Financial, Inc. is an investment advisory firm registered with the appropriate regulatory authority. Registration does not imply a certain level of skill or training. Additional information about Holcombe Financial, Inc. also is available on the SEC's website at **[www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov)**.

**Item 2 - Material Changes**

This Brochure is prepared in the revised format required beginning in 2011. Registered Investment Advisers are required to use this format to inform clients of the nature of advisory services provided, types of clients served, fees charged, potential conflicts of interest and other information. The Brochure requirements include providing a Summary of Material Changes (the "Summary") reflecting any material changes to our policies, practices, or conflicts of interest made since our last required "annual update" filing. In the event of any material changes, such Summary is provided to all clients within 120 days of our fiscal year-end. Our last annual update was filed on March 11, 2014. Of course the complete Brochure is available to clients at any time upon request.

### Item 3 - Table of Contents

### Page

Item 1 - Cover Page .....	1
Item 2 - Material Changes.....	1
Item 3 - Table of Contents .....	2
Item 4 - Advisory Business.....	3
Item 5 - Fees and Compensation.....	4
Item 6 - Performance-Based Fees and Side-By-Side Management.....	6
Item 7 - Types of Clients.....	6
Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss.....	6
Item 9 - Disciplinary Information.....	8
Item 10 - Other Financial Industry Activities and Affiliations.....	8
Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	8
Item 12 - Brokerage Practices .....	9
Item 13 - Review of Accounts .....	11
Item 14 - Client Referrals and Other Compensation .....	11
Item 15 - Custody.....	11
Item 16 - Investment Discretion.....	12
Item 17 - Voting Client Securities.....	12
Item 18 - Financial Information.....	13
Brochure Supplement.....	Exhibit A

## ***Item 4 - Advisory Business***

### **General Information**

Holcombe Financial, Inc. ("HFI") was formed in 2007 and provides financial planning, portfolio management, and general consulting services to its clients. HFI is also the adviser to a private fund.

Russell E. ("Rusty") Holcombe is the sole principal owner of HFI. Please see ***Brochure Supplements***, Exhibit A, for more information on Mr. Holcombe and other individuals who formulate investment advice and have direct contact with clients, or have discretionary authority over client accounts.

As of December 31, 2014, HFI manages \$201,544,500 on a discretionary basis, and \$5,064,500 assets on a non-discretionary basis. HFI does not participate in or offer any wrap programs.

### **SERVICES PROVIDED**

The beginning of each client relationship begins with a detailed discussion with the client to assess what they want to accomplish and address what is bothering them. Our process is designed to uncover the purpose of their wealth and how they wish it would make an impact in their life.

At the outset of each client relationship, HFI spends time with the client, asking questions, discussing the client's investment experience and financial circumstances, and reviewing options for the client. We also talk about the risks of investing. Based on its reviews, HFI generally develops with each client:

- a financial outline for the client based on the client's financial circumstances and goals, (the "Financial Profile"); and
- the client's investment objectives and guidelines (the "Investment Plan").

The Financial Profile is a reflection of the client's current financial picture and a look to the future goals of the client. The Investment Plan outlines the types of investments HFI will make on behalf of the client to meet those goals. The Profile and the Plan are discussed regularly with each client, but are not necessarily written documents.

In cases where HFI provides general consulting services, HFI will work with the client to prepare an appropriate summary of the specific project(s) to the extent necessary or advisable under the circumstances.

### **Financial Planning**

HFI's innovative financial planning services are paramount to the success of our clients. HFI rarely provides Portfolio Management services to those not willing to engage in our innovative financial planning process. A good financial plan has 4 components:

1. It understands what independence means in both financial and emotional terms for the client.
2. It understands the importance of cash flow to the survival of the client.
3. It understands the importance of risk mitigation in life. Not all risks are possible to protect against but a good financial planning process tries to uncover and either eliminate or insulate them if possible.
4. It creates actionable tasks for the client to improve their probability of independence.

### **Portfolio Management**

As described above, at the beginning of a client relationship, HFI meets with the client, gathers information, and performs research and analysis as necessary to develop the client's Investment Plan.

The Investment Plan will be updated from time to time when requested by the client, or when determined to be necessary or advisable by HFI based on updates to the client's financial or other circumstances.

To implement the client's Investment Plan, HFI will manage the client's investment portfolio on a discretionary or a non-discretionary basis. As a discretionary investment adviser, HFI will have the authority to supervise and direct the portfolio without prior consultation with the client. Under a non-discretionary arrangement, clients must be contacted prior to the execution of any trade in the account(s) under management. This may result in a delay in executing recommended trades, which could adversely affect the performance of the portfolio. This delay also normally means the affected account(s) will not be able to participate in block trades, a practice designed to enhance the execution quality, timing and/or cost for all accounts included in the block. In a non-discretionary arrangement, the client retains the responsibility for the final decision on all actions taken with respect to the portfolio.

Notwithstanding the foregoing, clients may impose certain written restrictions on HFI in the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments in an investment portfolio or prohibiting the sale of certain investments held in the account at the commencement of the relationship. Each client should note, however, that restrictions imposed by a client may adversely affect the composition and performance of the client's investment portfolio. Each client should also note that his or her investment portfolio is treated individually by giving consideration to each purchase or sale for the client's account. For these and other reasons, performance of client investment portfolios within the same investment objectives, goals and/or risk tolerance may differ and clients should not expect that the composition or performance of their investment portfolios would necessarily be consistent with similar clients of HFI.

#### General Consulting

In addition to the foregoing services, HFI may provide general consulting services to clients. These services are generally provided on a project basis, and may include, without limitation, cash flow planning for certain events such as the sale of a business, education expenses or retirement, estate planning analysis, income tax planning analysis and review of a client's insurance portfolio, as well as other matters specific to the client as and when requested by the client and agreed to by HFI. The scope and fees for consulting services will be negotiated with each client at the time of engagement for the applicable project.

#### Private Fund Management

HFI has been retained by POI Management, LLC, an affiliate of HFI and the General Partner of the HF Income Fund, L.P. (the "Fund"), to provide investment advisory services to the Fund. As an affiliate of POI Management, LLC and the investment manager of the Fund, HFI has a financial interest in the Fund. Please see ***Item 10, Other Financial Industry Activities and Affiliations*** for more information.

### ***Item 5 - Fees and Compensation***

#### General Fee Information

Fees paid to HFI are exclusive of all custodial and transaction costs paid to the client's custodian, brokers or other third party consultants. Please see ***Item 12 - Brokerage Practices*** for additional information. Fees paid to HFI are also separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus or offering materials). The client should review all fees charged by funds, brokers, HFI and others to fully understand the total amount of fees paid by the client for investment and financial-related services.

### Financial Planning Fees

HFI charges a \$2,500 financial planning fee at the beginning of the client relationship. It allows the client to see how we think before obligating the client to an Investment Management Agreement. If the client chooses and we accept the investment management engagement, ongoing financial planning fees are included as part of each client's portfolio management fees. However, HFI reserves the right to charge such a financial planning fee in the future, on a case-by-case basis, based on the complexity of the client's individual circumstances. In those potential instances, all financial planning fees are negotiable. Flat fees are payable one-half in advance with the balance due upon presentation of the Financial Plan. Under certain circumstances, HFI may request that the client pre-approve travel and other reimbursable expenses incurred in connection with the preparation of the Financial Plan. The client may terminate the financial planning agreement within five (5) business days of the date of engagement and receive a full refund of any monies paid.

### Portfolio Management Fees

The annual fee schedule, based on a percentage of assets under management, ranges between 0.50% and 1.50%.

The minimum portfolio value is generally set at \$2,000,000. The minimum annual fee for any account is \$1,500. HFI may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where HFI deems it appropriate under the circumstances.

Portfolio management fees are generally payable quarterly, in advance. If management begins after the start of a quarter, fees will be prorated accordingly. With client authorization and unless other arrangements are made, fees are normally debited directly from client account(s).

Either HFI or the client may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. In the event of termination, any paid but unearned fees will be promptly refunded to the client based on the number of days that the account was managed, and any fees due to HFI from the client will be invoiced or deducted from the client's account prior to termination.

### General Consulting Fees

When HFI provides general consulting services to clients, these services are generally separate from HFI's financial planning and portfolio management services. Fees for general consulting are negotiated at the time of the engagement for such services, and are normally based on an hourly or fixed fee basis.

### Private Fund Fees

From time to time, as appropriate and in accordance with the established Investment Plan and risk tolerance of certain of HFI's clients, HFI may recommend investment in the Fund. Clients investing in the Fund are assessed a fee that is a percentage of assets as described in the Fund's private placement memorandum. In such instances, clients do not pay a fee to HFI on those assets in the Fund, but are only assessed the Fund's fee on those assets.

### Other Compensation

Robert Lee, Chief Investment Officer of HFI, is licensed to sell insurance and is entitled to receive commissions or other remuneration on the sale of insurance products. As such, Mr. Lee will be able to effect insurance transactions and will receive separate, yet customary compensation. To protect client interests, HFI's policy is to fully disclose all forms of compensation before any such transaction is executed. Under no circumstance will the client pay both a commission to Mr. Lee and a management fee to HFI on the same pool of assets.

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

HFI does not have any performance-based fee arrangements. "Side by Side Management" refers to a situation in which the same firm manages accounts that are billed based on a percentage of assets under management and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because HFI has no performance-based fee accounts, it has no side-by-side management.

### ***Item 7 - Types of Clients***

HFI serves individuals, pension and profit-sharing plans, trusts, and estates. HFI also provides investment advisory services for the HF Income Fund. With some exceptions, the minimum portfolio value eligible for conventional investment advisory services is \$2,000,000, and the annual minimum fee charged is \$1,500. Under certain circumstances and in its sole discretion, HFI may negotiate such minimums.

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

#### Methods of Analysis

In accordance with the Investment Plan, HFI will primarily invest in bonds, stocks, mutual funds and real estate. In addition, when appropriate, HFI may recommend that clients invest in the HF Income Fund, a private fund managed by HFI. The investment goals, investment horizon and the risk tolerance unique to each client will determine the allocation among these security types.

Fixed income investments may be used as an instrument to fulfill liquidity or income needs in a portfolio, or to add a component of capital preservation. HFI may evaluate and select individual bonds or bond funds based on a number of factors including, without limitation, rating, yield and duration.

In selecting individual stocks for an account, HFI generally applies traditional fundamental analysis including, without limitation, the following factors;

- Financial strength ratios, and
- Dividend yields

ETFs and mutual funds are generally evaluated and selected based on a variety of factors, including, without limitation, past performance, fee structure, portfolio manager, fund sponsor, overall ratings for safety and returns, and other factors.

Real estate investments are evaluated based on risk level, income projections, opportunity for growth and capital appreciation in the investment, and other factors. Investments may be directly in real estate partnerships, or may be made through pooled instruments such as REITs.

#### Investment Strategies

HFI's strategic approach is to invest each portfolio in accordance with the Plan that has been developed specifically for each client.

#### Risk of Loss

While HFI seeks to diversify clients' investment portfolios across various asset classes consistent with their Investment Plans in an effort to reduce risk of loss, all investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money.

Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While HFI manages client investment portfolios based on HFI's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that HFI allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that HFI's specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.* As described above, HFI may invest client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

*Equity Market Risks.* HFI may invest portions of client assets directly into equity investments, individual stocks or pooled investment funds that invest in the stock market. As noted above, while pooled investments have diversified portfolios that may make them less risky than investments in individual securities, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* HFI may invest portions of client assets directly into fixed income instruments, such as bonds and notes, or may invest in pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Foreign Securities Risks.* HFI may invest portions of client assets into pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

*Risks Related to Alternative Investment Vehicles.* From time to time and as appropriate, HFI may invest a portion of a client's portfolio in alternative vehicles. The value of client portfolios will be based in part on the value of alternative investment vehicles in which they are invested, the success of each of which will depend heavily upon the efforts of their respective Managers. When the investment objectives and strategies of a Manager are out of favor in the market or a Manager makes unsuccessful investment decisions, the alternative investment vehicles managed by the Manager may lose money. A client account may lose a substantial percentage of its value if the investment objectives and strategies of many or most

of the alternative investment vehicles in which it is invested are out of favor at the same time, or many or most of the Managers make unsuccessful investment decisions at the same time.

### ***Item 9 - Disciplinary Information***

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of HFI or the integrity of HFI's management. HFI has no disciplinary events to report.

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

HFI has an affiliate, POI Management, LLC whose primary business is to serve as the General Partner of the HF Income Fund, L.P., a privately-offered partnership. HFI has been retained by POI Management, LLC to provide investment advisory services to the Fund. From time to time, as appropriate and in accordance with the established investment objectives and risk tolerance of certain of HFI's clients, HFI may recommend investment in the Fund. In such instances, clients do not pay a fee to HFI on those assets in the Fund, but are only assessed the Fund's fee on those assets. As an affiliate of POI Investments, LLC and the investment manager of the Fund, HFI has a financial interest in the Fund.

In addition, Rusty Holcombe is a licensed real estate broker in Georgia, and as such is eligible to receive commissions or other remuneration related to the sale of real estate.

Certain of HFI's employees are also licensed insurance agents and are eligible to receive commissions and other remuneration related to the sale of insurance. Please see ***Item 5*** for more information.

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

#### **Code of Ethics and Personal Trading**

HFI has adopted a Code of Ethics ("the Code"), the full text of which is available to you upon request. HFI's Code has several goals. First, the Code is designed to assist HFI in complying with applicable laws and regulations governing its investment advisory business. Under the Investment Advisers Act of 1940, HFI owes fiduciary duties to its clients. Pursuant to these fiduciary duties, the Code requires persons associated with HFI (managers, officers and employees) to act with honesty, good faith and fair dealing in working with clients. In addition, the Code prohibits such associated persons from trading or otherwise acting on insider information.

Next, the Code sets forth guidelines for professional standards for HFI's associated persons. Under the Code's Professional Standards, HFI expects its associated persons to put the interests of its clients first, ahead of personal interests. In this regard, HFI associated persons are not to take inappropriate advantage of their positions in relation to HFI clients.

Third, the Code sets forth policies and procedures to monitor and review the personal trading activities of associated persons. From time to time, HFI's associated persons may invest in the same securities recommended to clients. Under its Code, HFI has adopted procedures designed to reduce or eliminate conflicts of interest that this could potentially cause. The Code's personal trading policies include procedures for limitations on personal securities transactions of associated persons, reporting and review of such trading and pre-clearance of certain types of personal trading activities. These policies are designed to discourage and prohibit personal trading that would disadvantage clients. The Code also provides for disciplinary action as appropriate for violations.



### Participation or Interest in Client Transactions

As described in Item 10 above, when appropriate HFI may recommend that clients invest in certain private funds for which HFI or its Management Person(s) may serve as General Partner or in a similar capacity. Under such circumstances, Clients will only be assessed *either* HFI's advisory fee or the management fee imposed by the fund(s). Clients will not pay both fees.

Because associated persons may invest in the same securities as those held in client accounts, HFI has established a policy requiring its associated persons to pre-clear transactions in certain of these securities with the Chief Compliance Officer. The goal of this policy is to avoid any conflict of interest that may present itself in these situations. Some types of securities, such as CDs, treasury obligations and open-end mutual funds are exempt from this pre-clearance requirement. However, in the event of other identified potential trading conflicts of interest, HFI's goal is to place client interests first.

Consistent with the foregoing, HFI maintains policies regarding participation in initial public offerings ("IPOs") and private placements in order to comply with applicable laws and avoid conflicts with client transactions. If a HFI associated person wishes to participate in an IPO or invest in a private placement, he or she must submit a pre-clearance request and obtain the approval of the CCO.

Finally, if associated persons trade with client accounts (i.e., in a bundled or aggregated trade), and the trade is not filled in its entirety, the associated person's shares will be removed from the block, and the balance of shares will be allocated among client accounts in accordance with HFI's written policy.

## ***Item 12 - Brokerage Practices***

### Best Execution and Benefits of Brokerage Selection

When given discretion to select the brokerage firm that will execute orders in client accounts, HFI seeks "best execution" for client trades, which is a combination of a number of factors, including, without limitation, quality of execution, services provided and commission rates. Therefore, HFI may use or recommend the use of brokers who do not charge the lowest available commission in the recognition of research and securities transaction services, or quality of execution. Research services received with transactions may include proprietary or third party research (or any combination), and may be used in servicing any or all of HFI's clients. Therefore, research services received may not be used for the account for which the particular transaction was effected.

HFI participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional, a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"). TD Ameritrade offers its Program to independent investment advisers. The Program includes such services as custody of securities, trade execution, clearance and settlement of transactions. HFI receives some benefits from TD Ameritrade through its participation in the Program. HFI is independently owned and operated and is not affiliated with TD Ameritrade.

HFI may recommend TD Ameritrade to clients for custody and brokerage services. While there is no direct link between HFI's participation in the Program and the investment advice it gives to its clients, through its participation in the Program, HFI receives economic benefits that are typically not available to TD Ameritrade retail investors. These benefits generally include, without limitation, the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Program participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain

institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to HFI by third party vendors. TD Ameritrade may also pay for business consulting and professional services received by HFI's related persons. These services are not soft dollar arrangements, but are part of the institutional platform offered by TD Ameritrade.

Some of the products and services made available by TD Ameritrade through the Program may benefit HFI but may not directly benefit its client accounts. These products or services may assist HFI in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help HFI manage and further develop its business enterprise. The benefits received by HFI or its personnel through participation in the Program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, HFI endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by HFI or its related persons in and of itself creates a potential conflict of interest and may indirectly influence HFI's choice of TD Ameritrade for custody and brokerage services.

#### Trade Error Procedures

In the unlikely event of a trade error occurring in a client's account, HFI's policy is to make the client whole as quickly as possible. HFI works with the executing broker to correct the error, and to confirm all actions taken in the account to the client.

#### Directed Brokerage

HFI has selected TD Ameritrade to maximize efficiency and to be cost effective for clients. If clients were able to direct brokerage arrangements elsewhere, these economies of scale and levels of efficiency would generally be compromised when those alternative brokers were used. In fact if a client chose to use the brokerage and/or custodial services of alternative service providers, the client may in fact experience a certain degree of delay in executing trades for their account(s) and other adverse effects on the management of their account(s). Therefore, HFI only manages client accounts held at TD Ameritrade.

#### Aggregated Trade Policy

HFI may enter trades as a block where possible and when advantageous to clients whose accounts have a need to buy or sell shares of the same security. This method permits the trading of aggregate blocks of securities composed of assets from multiple client accounts. It allows HFI to execute trades in a timely, equitable manner, and may reduce overall costs to clients

HFI will only aggregate transactions when it believes that aggregation is consistent with its duty to seek best execution (which includes the duty to seek best price) for its clients, and is consistent with the terms of HFI's Investment Advisory Agreement with each client for which trades are being aggregated. No advisory client will be favored over any other client; each client that participates in an aggregated order will participate at the average share price for all HFI's transactions in a given security on a given business day. Transaction costs for participating accounts will be assessed at the custodian's commission rate applicable to each account; therefore, transaction costs may vary among accounts. Accounts may be excluded from a block due to tax considerations, client direction or other factors making the account's participation ineligible or impractical.

HFI will prepare, before entering an aggregated order, a written statement ("Allocation Statement") specifying the participating client accounts and how it intends to allocate the order among those clients. If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the Allocation Statement. If the order is partially filled, HFI will consider all accounts in the original allocation and will determine whether to allocate the trades on a pro rata basis or, alternatively which accounts will

receive part of the filled order. Accounts may be excluded for a variety of reasons, such as a disproportionate trading cost based on a small number of shares or if HFI believes the client would be better served to wait for another trading opportunity for those clients. In most cases, any account(s) left out of a partially filled order will be traded the following day.

Notwithstanding the foregoing, the order may be allocated on a basis different from that specified in the Allocation Statement if all client accounts receive fair and equitable treatment, and the reason for different allocation is explained in writing and is approved by an appropriate individual/officer of HFI. HFI's books and records will separately reflect, for each client account included in a block trade, the securities held by and bought and sold for that account. Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the transaction on a delivery versus payment basis; cash or securities held collectively for clients will be delivered out to the custodian bank or broker-dealer as soon as practicable following the settlement, and HFI will receive no additional compensation or remuneration of any kind as a result of the proposed aggregation.

### ***Item 13 - Review of Accounts***

Managed portfolios are reviewed at least quarterly, but may be reviewed more often if requested by the client, upon receipt of information material to the management of the portfolio, or at any time such review is deemed necessary or advisable by HFI. These factors may include but are not limited to, the following: change in general client circumstances (marriage, divorce, retirement); or economic, political or market conditions. Russell E. Holcombe, HFI's Portfolio Manager, reviews all accounts.

Account custodians are responsible for providing monthly or quarterly account statements which reflect the positions (and current pricing) in each account as well as transactions in each account, including fees paid from an account. Account custodians also provide prompt confirmation of all trading activity, and year-end tax statements, such as 1099 forms. In addition, HFI provides at least an annual report for each managed portfolio. This written report normally includes a summary of portfolio holdings and performance results. Additional reports are available at the request of the client.

### ***Item 14 - Client Referrals and Other Compensation***

As noted above, HFI may receive an economic benefit from TD Ameritrade in the form of support products and services it makes available to HFI and other independent investment advisors that have their clients maintain accounts at TD Ameritrade. These products and services, how they benefit our firm, and the related conflicts of interest are described in ***Item 12 - Brokerage Practices***. The availability of TD Ameritrade's products and services to HFI is based solely on our participation in the programs and not in the provision of any particular investment advice. Neither TD Ameritrade nor any other party is paid to refer clients to HFI.

### ***Item 15 - Custody***

TD Ameritrade is the custodian of nearly all client accounts at HFI. From time to time however, HFI may select an alternate broker to hold accounts in custody. In any case, it is the custodian's responsibility to provide clients with confirmations of trading activity, tax forms and at least quarterly account statements. Clients are advised to review this information carefully, and to notify HFI of any questions or concerns. Clients are also asked to promptly notify HFI if the custodian fails to provide statements on each account held.

From time to time and in accordance with HFI's agreement with clients, HFI will provide additional reports. The account balances reflected on these reports should be compared to the balances shown on

the brokerage statements to ensure accuracy. There may at times be small differences due to the timing of dividend reporting, accrued interest on bonds, pending trades and other similar issues.

### ***Item 16 - Investment Discretion***

As described in ***Item 4 - Advisory Business***, HFI will accept clients on either a discretionary or non-discretionary basis. For *discretionary accounts*, a Limited Power of Attorney (“LPOA”) is executed by the client, giving HFI the authority to carry out various activities in the account, generally including the following: trade execution; the ability to request checks on behalf of the client; and, the withdrawal of advisory fees directly from the account. HFI then directs investment of the client’s portfolio using its discretionary authority. The client may limit the terms of the LPOA to the extent consistent with the client’s investment advisory agreement with HFI and the requirements of the client’s custodian.

For *non-discretionary accounts*, the client also generally executes an LPOA, which allows HFI to carry out trade recommendations and approved actions in the portfolio. However, in accordance with the investment advisory agreement between HFI and the client, HFI does not implement trading recommendations or other actions in the account unless and until the client has approved the recommendation or action. As with discretionary accounts, clients may limit the terms of the LPOA, subject to HFI agreement with the client and the requirements of the client’s custodian.

### ***Item 17 - Voting Client Securities***

In certain circumstances and in accordance with our Client agreement, HFI shall vote proxies related to securities held by any Client. HFI will vote proxies in such a way that, to the best of HFI’s knowledge, is in the best interest of each individual shareholder. From time to time, this may mean that the same proxy proposal may be voted differently for different Clients. HFI will consider only those factors that relate to the Client’s investment(s) or factors that are set forth in written instructions from the Client.

HFI has elected to utilize the services of Broadridge, a Voting Agent Service, to handle day-to-day functions relating to proxy voting. Broadridge’s approach to enhancing overall corporate value through effective proxy voting relies on Third Party analysis and recommendations that are developed on an issue-by-company basis, rather than an issue-by-issue basis.

Issue-by-issue analysis assumes that a specific set of corporate governance initiatives is, or is not, inherently beneficial to shareholders and that a specific recommendation for a particular issue should be applied across-the-board to the voting of all corporations’ proxies. This one-size-fits-all approach, however, frequently results in a lack of focus on issues that genuinely impact long-term shareholder value and, as a result, disadvantages shareholders.

By comparison, Broadridge’s issue-by-company approach views proxy issues in the context of company-specific metrics, taking into account a variety of relevant factors. HFI has embraced Broadridge’s methodology and approach to this important process.

A copy of HFI’s complete policy, as well as records of proxies voted, is available to Clients upon request. As required under the Advisers Act, such records are maintained for a period of five (5) years.

### **Class Action Suits**

HFI has arranged for Chicago Clearing Corporation (CCC) to provide class action litigation monitoring and securities claim filing administration for client accounts that chose to participate in this service. For this service, CCC charges a contingency fee of 20% of the amount of each claim settlement award, which is deducted from the client’s award at the time of payment. There are no minimum fees or other fees

deducted from an account related to this service. Regardless of whether a client chooses to utilize the services of CCC, HFI does not monitor or file claims on a client's behalf.

***Item 18 - Financial Information***

HFI does not require nor solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore has no disclosure required for this item.

Set forth below is the Summary of Material Changes for Holcombe Financial, Inc.:

Date of Change	Description of Item
September 2014	HFI has been retained by POI Management, LLC, an affiliate of HFI and the General Partner of the HF Income Fund, L.P. (the “Fund”), to provide investment advisory services to the Fund. See <b>Item 4, Advisory Business, Item 10, Other Financial Industry Activities and Affiliations, and Item 11, Code of Ethics, Participation or Interest in Client Transactions and Personal Trading</b> of the ADV Part 2A, for additional information.
November 2014	HFI has elected to utilize the services of Broadridge, a Voting Agent Service, to handle day-to-day functions relating to proxy voting. HFI has arranged for Chicago Clearing Corporation (CCC) to provide class action litigation monitoring and securities claim filing administration for client accounts that chose to participate in this service. See <b>Item 17, Voting Client Securities</b> , of the ADV Part 2A for additional information.
November 2014	Robert E. Lee joined HFI as Chief Investment Officer. Mr. Lee is also a licensed insurance agent and is eligible to receive commissions and other remuneration from the sale of insurance products. Please see <b>Item 5 – Fees and Compensation, Item 10 – Other Financial Industry Activities and Affiliations</b> and <b>Exhibit A of Brochure Supplement</b> for additional information.

# **Exhibit A**

**Brochure Supplement**

**Form ADV Part 2B**

**Item 1 - Cover Page**

**Russell Eric Holcombe, CFP®**

**CRD# 4347040**

**of**

**Holcombe Financial, Inc.**

4151 Ashford-Dunwoody Road  
Suite 165  
Atlanta, Georgia 30319

(800) 298-9904

[www.HolcombeFinancial.com](http://www.HolcombeFinancial.com)

April 15, 2015

This brochure supplement provides information about Russell ("Rusty") Holcombe, and supplements the Holcombe Financial, Inc. ("HFI") brochure. You should have received a copy of that brochure. Please contact us at (800) 298-9904 if you did not receive HFI's brochure, or if you have any questions about the contents of this supplement.

Additional information about Rusty is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Item 2 - Educational Background and Business Experience***

Russell Eric Holcombe (year of birth 1970) is President of HFI. Rusty began his career in 1993 working at his Dad's financial advisory practice, Applied Financial Group, Inc. His Dad's firm helped wealthy people get out of bad financial situations. In 2007, Rusty launched his own firm, HFI, translating years of experience into a wealth management firm designed solely to help people achieve financial independence.

Rusty earned a degree in Finance/Real Estate from Southern Methodist University in 1993 during one of the worst recessions in Dallas history. SMU, located in Highland Park, was seemingly unaffected by the surrounding economy. While working at Grubb and Ellis, a real estate consulting and management firm, during his college years Rusty witnessed entrepreneurs take full advantage of the recession which caused so much difficulty for others. This greatly affected his views on



scenario planning, investment planning and the importance of patience. He watched the pattern repeat itself over and over again over the next 15 years working for Applied Financial Group, Inc. Rusty is a CERTIFIED FINANCIAL PLANNER™ professional\* and earned a Masters in Taxation from Georgia State University. Rusty is the author of the book, You Should Only Have to Get Rich Once. He is an avid blogger, speaker, reader, and outdoorsman.

\* The CFP® certification is granted by Certified Financial Planner Board of Standards, Inc. (CFP Board). To attain the certification, the candidate must complete the required educational, examination, experience and ethics requirements set forth by CFP Board. Certain designations, such as the CPA, CFA and others may satisfy the education component, and allow a candidate to sit for the CFP® Certification Examination. A comprehensive examination tests the candidate's ability to apply financial planning knowledge to client situations. Qualifying work experience is also required for certification. Qualifying experience includes work in the area of the delivery of the personal financial planning process to clients, the direct support or supervision of others in the personal financial planning process, or teaching all, or any portion, of the personal financial planning process. CFP® professionals must complete 30 hours of continuing education accepted by CFP Board every two years.

### ***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however, Rusty has no such disciplinary information to report.

### ***Item 4 - Other Business Activities***

Rusty Holcombe is a licensed real estate broker in Georgia, and as such is eligible to receive commissions or other remuneration related to the sale of real estate.

### ***Item 5 - Additional Compensation***

Other than the possibility of real estate commissions or other income related to real estate transactions disclosed above, Rusty has no other income or compensation to disclose.

### ***Item 6 - Supervision***

As President of Holcombe Financial, Inc., Rusty supervises all duties and activities of the firm, and is responsible for all advice provided to clients. He can be reached at (800) 298-9904.

**Brochure Supplement**

**Form ADV Part 2B**

**Item 1 - Cover Page**

**Robert Everett Lee, II**

**CRD# 2373098**

2907 East Joyce Blvd.  
Suite 9  
Fayetteville, Arkansas 72703

(479) 802-4222

**of**

**Holcombe Financial, Inc.**

4151 Ashford-Dunwoody Road  
Suite 165  
Atlanta, Georgia 30319

(800) 298-9904

[www.HolcombeFinancial.com](http://www.HolcombeFinancial.com)

April 15, 2015

This brochure supplement provides information about Robert ("Rob") Lee, and supplements the Holcombe Financial, Inc. ("HFI") brochure. You should have received a copy of that brochure. Please contact us at (800) 298-9904 if you did not receive HFI's brochure, or if you have any questions about the contents of this supplement.

Additional information about Rob is available on the SEC's website at [www.AdviserInfo.sec.gov](http://www.AdviserInfo.sec.gov).

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***Item 2 - Educational Background and Business Experience***

Robert Everett Lee, II (year of birth 1971) is Chief Investment Officer of HFI. Rob began his career in 1994 as a Registered Representative at AG Edwards and Sons, Inc. until joining Wachovia Securities (now Wells Fargo) in 2008. He graduated from Southern Methodist University with degrees in Finance and Organizational Behavior.

Rob lives in Fayetteville, Arkansas with his wife and children. He enjoys traveling, the Red Sox and cooking.

***Item 3 - Disciplinary Information***

Advisers are required to disclose any material facts regarding certain legal or disciplinary events that would be material to your evaluation of an adviser; however, Rob has no such disciplinary information to report.

***Item 4 - Other Business Activities***

Rob is licensed to sell insurance and is entitled to receive commissions or other remuneration on the sale of insurance products. As such, Rob will be able to effect insurance transactions and will receive separate, yet customary compensation. To protect client interests, HFI's policy is to fully disclose all forms of compensation before any such transaction is executed. Under no circumstance will the client pay both a commission to Rob and a management fee to HFI on the same pool of assets.

***Item 5 - Additional Compensation***

Other than as stated above, Rob is not engaged in any other investment-related business or occupation, and does not earn compensation for the sale of any other products or services.

***Item 6 - Supervision***

Rusty Holcombe, President of HFI is responsible for providing compliance oversight for Rob and for reviewing accounts. Rusty can be reached at (800) 298-9904.