

## Item 1 – Cover Page

### **Horizon Wealth Advisors, LLC**

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Lakewood Ranch, FL 34202  
941-362-0161

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

Date of Brochure: May 2017

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This brochure provides information about the qualifications and business practices of Horizon Wealth Advisors. If you have any questions about the contents of this brochure, please contact Nicholas J. Drizos at 941-362-0161 or at [ndrizos@horizonwealthadvisors.com](mailto:ndrizos@horizonwealthadvisors.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Horizon Wealth Advisors is also available on the Internet at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can view our firm's information on this website by searching for our name Horizon Wealth Advisors or our firm CRD number **148338**.

\*Registration as an investment advisor does not imply a certain level of skill or training.

Since our last annual update was filed in March 2017, the following are material changes to our disclosure brochure:

## **Item – 2 Material Changes**

Since our last annual update was filed in March 2017 the following are material changes to our disclosure brochure:

### **Item 12 the following has been removed:**

#### **Third-Party Money Managers**

As described in Item 4 – Advisory Business and Item 5 – Fees and Compensation, Horizon Wealth Advisors has formed relationships with independent, third-party money managers.

Horizon Wealth Advisors may recommend clients work directly with third-party money managers. When we refer clients to a third party money manager, you need to know that our firm will receive a portion of the fee charged by the third party money manager. Therefore, we have a conflict of interest in that we will only recommend third party money managers that will agree to compensate our firm by paying us a portion of the fees billed to your account managed by the third party money manager.

**Horizon Wealth Advisors has not and will not be compensated by Third-party Managers**

### **Item 14 the following has been removed:**

Horizon Wealth Advisors and its associated persons may enter into arrangements with individuals (“Solicitors”) who will refer clients that may be candidates for investment advisory services, to the firm. In many states, individuals acting as Solicitors must be licensed as an investment advisor representatives with the appropriate state securities regulatory authority(ies). This would also likely mean that the other investment advisor for which the Solicitor is acting as an investment advisor representative, must be registered with the appropriate state regulatory authority(ies) or exempt from registration unless the investment advisor qualifies for registration with the SEC in which case they must be notice filed or exempt from the notice filing requirements with the appropriate state securities regulatory authority(ies). Prior to entering into any arrangements with another investment advisor, Horizon Wealth Advisors will be responsible for determining and confirming that the investment advisor is properly registered or exempt for registration with the appropriate states securities regulatory authority or that the firm qualifies for SEC registration and is properly notice filed. Prior to entering into any solicitation arrangements with the individuals, the firm will also confirm that any Solicitors are properly licensed with the appropriate state securities regulatory authority(ies) or that the individual is exemption from state licensing requirements.

**Horizon Wealth Advisors does not compensate Solicitors for referrals**

We will ensure that you receive a summary of material changes, if any, to this and subsequent disclosure brochures within 120 days after our fiscal year ends. Our fiscal year ends on December 31 so you will receive the summary of material changes, if any, no later than April 30 each year. At that time we will also offer a copy of the most current disclosure brochure. We may also provide other ongoing disclosure information about material changes as necessary.

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#### **Item 4 – Advisory Business**

Horizon Wealth Advisors is an investment advisor registered with the United States Securities and Exchange Commission (“SEC”) and is a Limited Liability Company formed under the laws of the State of Florida.

- The Firm’s sole owner is Nicholas J. Drizos. Full details of his education and business background are provided at Item 19 of this Disclosure Brochure.
- Horizon Wealth Advisors has originally registered as an investment advisor with the state of Florida in October 2008.

#### **General Description of Primary Advisory Services**

The following are brief descriptions of Horizon Wealth Advisors’ primary services. A detailed description of Horizon Wealth Advisors’ services is provided in *Item 5 – Fees and Compensation* so that clients and prospective clients can review the services and description of fees in a side-by-side manner.

**Financial Planning Services** - Horizon Wealth Advisors provides advisory services in the form of financial planning services. Financial planning services do not involve the active management of client accounts, but instead focuses on a client’s overall financial situation. Financial planning can be described as helping individuals determine and set their long-term financial goals, through investments, tax planning, asset allocation, risk management, retirement planning, and other areas. The role of a financial planner is to find ways to help the client understand his/her overall financial situation and help the client set financial objectives.

**Asset Management Services** - Horizon Wealth Advisors provides advisory services in the form of Asset Management Services. Asset Management Services involve providing clients with continuous and on-going supervision over client accounts. This means that Horizon Wealth Advisors will continuously monitor a client’s account and make trades in client accounts when necessary.

**Outside Money Managers** - Horizon Wealth Advisors provides advisory services by referring clients to outside, or unaffiliated, money managers that are registered or exempt from registration as investment advisors. Third-party money managers are responsible for continuously monitoring client accounts and making trades client accounts when necessary.

#### **Limits Advice to Certain Types of Investments.**

Horizon Wealth Advisors provides investment advice on the following types of investments:

- No-Load (i.e. no trading fee) and Load-Waived (i.e. trading fee waived) Mutual Fund Shares
- Exchange-listed securities (i.e. stocks)
- Securities traded over-the-counter (i.e. stocks)
- Fixed income securities (i.e. bonds)
- Closed-End Funds and Exchange Traded Funds (ETFs)
- Foreign Issues
- Warrants
- Corporate debt securities
- Commercial paper
- Certificates of deposit

- Municipal securities
- Variable life insurance
- Variable annuities
- United States government securities
- Options contracts on securities and commodities
- Interests in partnerships investing in real estate and oil and gas interests

Horizon Wealth Advisors does not provide advice on futures contracts on tangibles or intangibles, or hedge funds and other types of private (i.e. non-registered) securities.

When providing Asset Management Services, the firm will typically construct each client's account holdings using mutual funds, Fixed Income Securities and equities to build diversified portfolios. It is not Horizon Wealth Advisors' typical investment strategy to attempt to time the market but we may increase cash holdings modestly as deemed appropriate, based on your risk tolerance and our expectations of market behavior. We may modify our investment strategy to accommodate special situations like: low basis stock, stock options, legacy holdings, inheritances, closely held businesses, collectibles, or special tax situations.

*(Please refer to Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss for more information.)*

### **Tailor Advisory Services to Individual Needs of Clients**

Horizon Wealth Advisors' services are always provided based on the individual needs of each client. This means, for example, that you are given the ability to impose restrictions on the accounts we manage for you, including specific investment selections and sectors. We work with each client on a one-on-one basis through interviews and questionnaires to determine the client's investment objectives and suitability information.

### **Client Assets Managed by Horizon Wealth Advisors**

The amount of clients assets managed by Horizon Wealth Advisors totaled \$127,758,556.20 as of December 31, 2016. \$122,677,531.20 is managed on a discretionary basis and \$5,081,025.00 is managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

In addition to the information provide in *Item 4 – Advisory Business*, this section provides additional details regarding our firm's services along with descriptions of each service's fees and compensation arrangements.

### **Services and Fees**

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

Horizon Wealth Advisors may provide general financial planning and consulting services to you focusing on your specific needs and concerns. Financial planning and consulting services may include giving advice on investment and non-investment related matters. While financial planning services are provided with the intention of the client implementing investment recommendations made within the

planning/consulting services through Horizon Wealth Advisors, clients are not obligated to do so. Horizon Wealth Advisors does not charge fees for financial planning and consulting services. However, if the client chooses to implement the financial planning or consulting advice provided by Horizon Wealth Advisors, through Horizon Wealth Advisors' asset management program, fees will be earned for those services. Additionally, Mr. Drizos, the owner and investment advisor representative of Horizon Wealth Advisors, is licensed as an insurance agent. When recommending insurance products as part of the planning process, Mr. Drizos may earn commissions if the client chooses to purchase insurance products through him in this separate capacity.

Horizon Wealth Advisors will collect a variety of information and documentation from the client that is necessary to perform the financial planning and consulting services. The firm will not be required to verify any information received from the client or from the client's other professionals, if authorized by the client to gather advice from other professionals, and is expressly authorized to rely on the information provided.

Clients retain discretion over implementation decisions relating to financial planning and consulting services and are free to accept or reject any recommendation from Horizon Wealth Advisors. Clients are advised that it remains their responsibility to notify the firm if there are any changes in their financial situations or investment objectives. Client should notify Horizon Wealth Advisors of any changes so that Horizon Wealth Advisors can work with the client to determine if the changes will affect the advice provided by Horizon Wealth Advisors. The client and Horizon Wealth Advisors will then determine if the client wishes to engage Horizon Wealth Advisors to review, evaluate and revise the previous recommendations provided.

### **Pension Consulting**

Horizon Wealth Advisors may provide pension consulting services to companies offering qualified plans. Horizon Wealth Advisors can provide a wide variety of pension consulting services that focus on the specific needs of the client. The following are examples of some of the general areas that may be covered as part of Horizon Wealth Advisors' services:

- Current Plan Review
- Vendor Search
- Plan Design and Implementation
- Investment Policy Statement Implementation
- Compliance Review
- Communication Plan Implementation
- Investment Committee Implementation
- Investment Review

The above list is not all inclusive and is provided only to give clients a general idea of the types of consulting services that can be provided. Services will be negotiated with each client depending on the individual needs of the client. Although as part of the services contracted for, Horizon Wealth Advisors may provide recommendations on the investment options in the plan, Horizon Wealth Advisors will not provide management services or be responsible for the implementation of the recommendations provided through the consulting services. Horizon Wealth Advisors will not at any time maintain custody of plan assets. Typically, the consulting services do not only focus on providing investment advice to the plan, in

addition, Horizon Wealth Advisors will provide consulting services focusing on plan design, compliance matters, and problem solving.

Fees for pension consulting services will be charged as a percentage of the total plan assets. An annual fee of up to 1% will be charged. The fees charged for pension consulting services will be negotiated with each client based on the complexity of the services contracted for by the client, the anticipated amount of work involved in providing those services, and the size of the plan and the number of plan participants. Fees will be charged monthly or quarterly and can be charged in advance or arrears. The terms of how the fees will be charged will be determined with each client prior to services being provided. In many cases, the plan administrator selected by the plan will be the determining factor in how the fees will be charged as many plan administrators have pre-selected the frequency of the billing cycle (i.e., monthly or quarterly) and the manner in which they are charged (i.e., advance or arrears). Fees will be based on the market value of the total plan assets at the end of the previous quarter. In initial fee will be prorated based on the number of days that services will be provided if the agreement for services is executed mid-billing period.

Either party may terminate services by providing written termination to the other party. If services are terminated within five business days of executing an agreement for services with Horizon Wealth Advisors, services will be terminated without penalty. After the initial five business days, clients will be responsible for payment of fees for services completed prior to termination of services. If services are terminated mid-period, a prorated fee will be charged based on the number of days that services were provided during that period. If fees are billed in advance, Horizon Wealth Advisors will promptly refund any unearned fees to the client. If fees are billed in arrears, fees will be automatically deducted from the account by the plan administrator or fees will be payable to Horizon Wealth Advisors upon receipt of a billing notice.

### **Asset Management**

Horizon Wealth Advisors provides investment supervisory services defined as giving continuous investment advice to a client (or making investments for the client) based on the individual needs and goals and objectives of the client. Through this service, Horizon Wealth Advisors offers a customized and individualized investment program providing clients advice regarding allocation among various asset classes, ongoing assistance with evaluation and selection of investments, and adjustment and balancing of portfolios.

Horizon Wealth Advisors will assist the client with the establishment of a managed account(s) through a qualified custodian. Client accounts that will be managed by Horizon Wealth Advisors will be established with Charles Schwab Institutional ("Charles Schwab"). Charles Schwab will serve as the custodian for the clients account due to a relationship Horizon Wealth Advisors has established with Charles Schwab and the services they provide Horizon Wealth Advisors. However, Horizon Wealth Advisors does not have any "soft-dollar" arrangements with Charles Schwab. Client may direct Horizon Wealth Advisors to use an account custodian other than Charles Schwab. However, Horizon Wealth Advisors has the discretion whether or not it will manage assets held at custodians other than Charles Schwab. Horizon Wealth Advisors will not serve as custodian for client assets. The client's qualified custodian will maintain custody of all funds and securities.

When executing an asset management agreement for services, Horizon Wealth Advisors will be granted trading authorization on the client's account. In addition, Horizon Wealth Advisors will be granted with discretionary authority to determine the securities and quantity of securities to be bought and sold, the

time of execution, and the price at which the trades will be executed. Horizon Wealth Advisors will also be granted discretionary authority over the commission rates that will be paid and the broker/dealer that will be used when implementing transactions. At the time of executing the agreement for services, the client can place reasonable limitations and restrictions in relation to the discretionary authority.

Clients are charged an annual percentage of assets under management for Advisor's investment supervisory services. Unless the client's account contains only fixed-income securities, fees will typically be charged according to the following fee schedule:

<b>Account Value</b>	<b>Client Fee</b>
First \$1,000,000	1.00%
Next \$1,000,000	0.75%
Next \$3,000,000	0.60%
Next \$5,000,000	0.45%
Next \$50,000,000	0.35%
Over \$60,000,000	Negotiable

If the managed account consists only of fixed-income securities, an annual fee of up to .30% of assets under management with a minimum annual fee of \$3,000 will be charged. If a managed account is set-up with less than \$500,000, Horizon Wealth Advisors may charge a one-time set-up fee of \$500. All of these fees may be negotiable at the discretion of Horizon Wealth Advisors. Fees may be negotiable based on the amount of assets under management, the complexity of the managed assets, the number of accounts Horizon Wealth Advisors is managing for the particular client as well as the accounts for related persons of the client, other relationships or history Horizon Wealth Advisors has with the client, or potential future assets that may be invested with Horizon Wealth Advisors.

Fees for Horizon Wealth Advisors' services are billed quarterly in advance based on the market value of the assets in the managed account the last calendar day of the previous billing period. The first fee will be billed when the account is fully funded and will be prorated based on the number of days remaining in the billing period. Clients must provide the account custodian with written authorization to have fees deducted from the account and paid to Horizon Wealth Advisors. Prior to fees being deducted from the account, Horizon Wealth Advisors will send the client a billing notice showing the total fee that will be deducted, the manner in which the fee was calculated, any adjustment to the fee, and an explanation of any adjustment if applicable.

Either party may terminate the agreement for services at any time by providing written notice to the appropriate party. Termination will be effective upon receipt of such notice of termination. If services are terminated within five (5) business days of executing the agreement, services will be terminated without penalty and no fees will be due or a refund of any fees paid in advance will be given to the client. If services are terminated after the initial five day period, fees will be prorated based on the number of days that services were provided prior to receipt of notice of termination and Horizon Wealth Advisors will promptly refund any unearned fees to the client.

### **Referrals to Money Managers**

Horizon Wealth Advisors may also recommend that clients utilize other money managers to manage their assets. Under this service, Horizon Wealth Advisors assists clients with the selection and monitoring of unaffiliated third party investment advisors offering asset management and other investment advisory services. The firm will perform due diligence in selecting the money managers that will be recommended



in this program. Money managers may take discretionary authority to determine the securities to be purchased and sold for the client. Horizon Wealth Advisors will not have any discretionary authority and will not be responsible for the investment selection or trade implementation in the client's accounts. Horizon Wealth Advisors will assist the client with identifying the client's risk tolerance and investment objectives. Money managers are then recommended in relation to client's stated investment objectives and risk tolerance. The terms and conditions of the arrangement between the client and the money manager will be set forth in a separate written agreement the client will enter into directly with the independent money manager.

Horizon Wealth Advisors will continue to render investment advisory services relative to the ongoing monitoring and review of account performance, asset allocation and client investment objectives but will not be responsible for any investment decisions or trade implementation. Horizon Wealth Advisors will be available to answer questions the client may have regarding their account. Horizon Wealth Advisors will not have trading authority with respect to client's account with the money manager(s).

When referring clients to other money managers, Horizon Wealth Advisors will receive a portion of the fees, generated from the referred clients – clients do not directly pay Horizon Wealth Advisors for this service. These fees are negotiated between Horizon Wealth Advisors and the other money manager. Although the various money managers may negotiate the fee charged for management services with the client (which will be disclosed in the agreement for services executed between the client and the money manager), Horizon Wealth Advisors' portion of the client's fee received is non-negotiable with the client. Clients should be aware that although this fee does not appear to be a direct cost to the client, the money manager may take this fee in to consideration when determining the amount of fee they will charge to a client. All client fees will be calculated and charged by the money manager and the money manager will be responsible for paying Horizon Wealth Advisors its portion of the fee.

Outside money managers generally have account minimum requirements that will vary from investment advisor to investment advisor. A complete description of the money manager's services, fee schedules and account minimums will be disclosed in the money manager's Form ADV, Schedule H Disclosure Brochure, or similar Disclosure Brochure which will be provided to clients at the time an agreement for services is executed and account is established. Client reports will depend upon the money manager. All solicitation arrangements are performed pursuant to written solicitation agreements and are in compliance with SEC Rule 206(4)-3 and applicable state securities rules and regulations. Prior to entering into an arrangement with another investment advisor and before referring clients to the other advisor, Horizon Wealth Advisors will be responsible for determining and confirming that the other investment advisor is properly registered with the appropriate state regulatory authority(ies); is excluded from the appropriate regulator's definition of investment advisor; is exempt from registration; or that the other advisor qualifies for SEC registration and is properly registered with the SEC and noticed filed with any required state securities regulators.

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

Item 6 of the Form ADV Part 2 instructions is not applicable to this Disclosure Brochure because Horizon Wealth Advisors **does not charge or accept performance-based fees** which can be defined as fees based on a share of capital gains on or capital appreciation of the assets held within a client's account.

## **Item 7 – Types of Clients**

Horizon Wealth Advisors generally provides investment advice to the following types of clients:

- Individuals
- High-Net Worth Individuals
- Pension and profit sharing plans
- Trusts, estates, or charitable organizations

### **Minimum Investment Amounts Required**

If a managed account is established with an account value less than \$500,000, Horizon Wealth Advisors will charge a one-time set up fee of \$500. If the firm is only managing fixed-income securities in a client's account, the firm will charge a minimum annual fee of \$3,000.

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

### **Methods of Analysis**

Horizon Wealth Advisors uses the following methods of analysis in formulating investment advice:

Fundamental. A method of evaluating a security by attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and individually specific factors (like the financial condition and management of companies). The end goal of performing fundamental analysis is to produce a value that an investor can compare with the security's current price in hopes of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short). This method of security analysis is considered to be the opposite of technical analysis. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

Technical. A method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysts believe that the historical performance of stocks and markets are indications of future performance.

### **Investment Strategies**

Horizon Wealth Advisors uses the following investment strategies when managing client assets and/or providing investment advice:

Long term purchases. Investments held at least a year.

Short term purchases. Investments sold within a year.

Trading. Investments sold within 30 days.

Short sales. A short sale is generally the sale of a stock not owned by the investor. Investors who sell short believe the price of the stock will fall. If the price drops, the investor can buy the

stock at the lower price and make a profit. If the price of the stock rises and the investor buys it back later at the higher price, the investor will incur a loss. Short sales require a margin account.

Option writing including covered options, uncovered options, or spreading strategies. Options are contracts giving the purchaser the right to buy or sell a security, such as stocks, at a fixed price within a specific period of time.

Tactical asset allocation. Allows for a range of percentages in each asset class (such as Stocks = 40-50%). These are minimum and maximum acceptable percentages that permit the investor to take advantage of market conditions within these parameters. Thus, a minor form of market timing is possible, since the investor can move to the higher end of the range when stocks are expected to do better and to the lower end when the economic outlook is bleak.

Strategic asset allocation. Calls for setting target allocations and then periodically rebalancing the portfolio back to those targets as investment returns skew the original asset allocation percentages. The concept is akin to a “buy and hold” strategy, rather than an active trading approach. Of course, the strategic asset allocation targets may change over time as the client's goals and needs change and as the time horizon for major events such as retirement and college funding grow shorter.

### **Use of Primary Method of Analysis or Strategy**

Horizon Wealth Advisors' primary method of analysis or strategy is sector/style analysis. Some of the risks involved with using this method include over/under weighted risks.

### **Primarily Recommend One Type of Security**

Horizon Wealth Advisors primarily recommends only one type of security, Exchange Traded Funds. Some of the risks involved with only recommending this type of security are listed below.

### **Risk of Loss**

Past performance is not indicative of future results. Therefore, you should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, mutual funds, and bonds) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. You should be prepared to bear investment loss including loss of original principal.

Because of the inherent risk of loss associated with investing, our firm is unable to represent, guarantee, or even imply that our services and methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate you from losses due to market corrections or declines. There are certain additional risks associated when investing in securities through our investment management program.

- Market Risk – Either the stock market as a whole, or the value of an individual company, goes down resulting in a decrease in the value of client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market

confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.

- Company Risk. When investing in stock positions, there is always a certain level of company or industry specific risk that is inherent in each investment. This is also referred to as unsystematic risk and can be reduced through appropriate diversification. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. For example, if a company's employees go on strike or the company receives unfavorable media attention for its actions, the value of the company may be reduced.
- Fixed Income Risk. When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- Options Risk. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks.
- ETF and Mutual Fund Risk – When investing in a an ETF or mutual fund, you will bear additional expenses based on your pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities the ETF or mutual fund holds. Clients will also incur brokerage costs when purchasing ETFs.
- Management Risk – Your investment with our firm varies with the success and failure of our investment strategies, research, analysis and determination of portfolio securities. If our investment strategies do not produce the expected returns, the value of the investment will decrease.

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

Item 9 is not applicable to our Disclosure Brochure because there are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our business or integrity.

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

Horizon Wealth Advisors is **not** and does **not** have a related company that is a:

1. broker/dealer, municipal securities dealer, government securities dealer or broker,

2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund),
3. other investment adviser or financial planner,
4. futures commission merchant, commodity pool operator, or commodity trading advisor,
5. banking or thrift institution,
6. accountant or accounting firm,
7. lawyer or law firm, (8) pension consultant,
8. real estate broker or dealer, or
9. sponsor or syndicator of limited partnerships.

### **Other Business Activities**

#### ***Insurance Sales Activities***

While Horizon Wealth Advisors does not have a related person that is an insurance company or agency, some investment advisor representatives are licensed to provide insurance services to clients. Insurance products are provided to clients for personal, estate and business need to minimize clients' exposure to identified risks. Although clients are under no obligation to purchase insurance products recommended by investment advisor representative in their separate capacities and insurance agents, clients often purchase such products when needs arise. In this separate capacity Horizon's IA Representatives can sell insurance products through various insurance companies. When selling insurance products your Horizon Advisor can earn commissions in addition to the fees for advice provided in his separate capacity as an investment advisor representative of Horizon Wealth Advisors. Because our advisor representatives will receive commissions for selling insurance products, there is a conflict of interest in that they may recommend policies to clients that do not require or need insurance. To control for this conflict of interest and to be consistent with our firm's fiduciary duty, our advisor representatives strive to recommend insurance products only to those clients who need new or additional insurance coverage.

#### ***Relationship with a Broker/Dealer***

Certain Investment Advisor Representatives and Associate Persons of Horizon are also independently licensed as registered representatives of broker dealers to offer investment products to client on a commission basis. Currently Brian T. Babcock and Nicholas G. Drizos (the firm's Chief Compliance Officer) are registered as a representative of Purshe Kaplan Sterling Investments, Inc.

They may recommend securities insurance products offered by Purshe Kaplan, and will receive the normal commissions if products are purchased through them; thus a conflict of interest exists between Mr. Babcock and Mr. Drizos' interests and those of our clients. Clients are under no obligation to purchase products recommended by investment advisor representatives or to purchase products through Mr. Babcock or Mr. Drizos in their capacity of registered representatives.

Depending on the type of account or investment that could be used to implement a financial plan or investment strategy, such compensation may include (but is not limited to) advisory program fees; commissions; mark-ups and mark-downs; transaction charges; confirmation charges; small account fees; mutual fund 12b-1 fees; mutual fund sub-transfer agency fees; hedge fund managed futures, and variable annuity investor servicing fees; retirement plan fees; administrative services fees for trust accounts; compensation for directing order flow; and bonuses, awards or other things of value offered by Broker Dealers to the advisor representative.

This compensation to the advisor representative may be more or less depending on the product or service the advisor representative recommends. Therefore, the advisor representative may have a financial incentive to recommend that a financial plan be implemented using a certain product or services.

**Associated Person is a Commercial Real Estate Owner**

Michael F. Ferro also is an owner of Ferro Enterprises, LLC which owns and operates a variety of commercial real estate properties. He spends approximately 25% of his time on activities related to Ferro Enterprises, LLC.

**Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

**Code of Ethics Summary**

Section 204A-1 of the *Investment Advisers Act of 1940* requires all investment advisers to establish, maintain and enforce a Code of Ethics. Horizon Wealth Advisors has established a Code of Ethics that will apply to all of its associated persons. An investment adviser is considered a fiduciary according to the *Investment Advisers Act of 1940*. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Horizon Wealth Advisors has a fiduciary duty to all clients. This fiduciary duty is considered the core underlying principle for the firm's Code of Ethics which also covers its Insider Trading and Personal Securities Transactions Policies and Procedures. Horizon Wealth Advisors requires all of its supervised persons to conduct business with the highest level of ethical standards and to comply with all federal and state securities laws at all times. Upon employment or affiliation and when changes occur, all supervised persons will sign an acknowledgement that they have read, understand and agree to comply with the firm's Code of Ethics. Horizon Wealth Advisors has the responsibility to make sure that the interests of all clients are placed ahead of the firm's or its supervised person's own investment interest. Full disclosure of all material facts and potential conflicts of interest will be provided to clients prior to any services being conducted. Horizon Wealth Advisors and its supervised persons must conduct business in an honest, ethical and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of the firm's Code of Ethics. However, if a client or a potential client wishes to review advisor's Code of Ethics in its entirety, a copy will be provided promptly upon request.

**Affiliate and Employee Personal Securities Transactions Disclosure**

Horizon Wealth Advisors or our associated persons may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a potential conflict of interest. It is the express policy of Horizon Wealth Advisors that all persons associated in any manner with our firm must place the interests of our clients ahead of their own when implementing personal investments. Horizon Wealth Advisors and its associated persons shall not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry. In order to minimize this conflict of interest, securities recommended by Horizon Wealth Advisors are widely held and publicly traded.

## **Item 12 – Brokerage Practices**

Clients are under no obligation to act on the financial planning recommendations of Horizon Wealth Advisors. If the firm assists in the implementation of any recommendations, we are responsible to ensure that the client receives the best execution possible.

### **Suggest Brokers**

The client is under no obligation to act on the recommendations of Horizon Wealth Advisors. If the firm assists in the implementation of any recommendations, Horizon Wealth Advisors is responsible to ensure that the client receives the best execution possible. Clients wishing to implement the advice of the firm are free to select any broker/dealer or investment advisor they wish and are so informed. If the client chooses to implement the firm's advice through its asset management program, unless otherwise directed by the client and agreed upon by the firm, the client will establish a brokerage account with the Schwab Institutional division of Charles Schwab & Co., Inc. (Charles Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. Horizon Wealth Advisors is independently owned and operated and not affiliated with Charles Schwab. Charles Schwab provides the firm with access to its institutional trading and custody services, which are typically not available to Charles Schwab retail investors. Charles Schwab's services include brokerage, 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.

Horizon Wealth Advisors' clients' accounts maintained in custody at Charles Schwab are not generally charged separately for custody by Charles Schwab but it is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Charles Schwab or that settle into Charles Schwab accounts.

Charles Schwab also makes available to Horizon Wealth Advisors other products and services that benefit the firm but may not benefit its clients' accounts. Some of these other products and services assist Horizon Wealth Advisors in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmation and account statements); facilitate trade execution (and allocation of aggregated trade orders from multiple client accounts); provide research, pricing information and other market data; facilitate payment of the firm's fees from its clients' accounts; and assist with back-office functions; recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of the firm's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to Horizon Wealth Advisors' other services intended to help the firm manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, Charles Schwab may make available, arrange and/or pay for these types of services rendered to Horizon Wealth Advisors by independent third party providing these services to the firm. While as a fiduciary, Horizon Wealth Advisors endeavors to act in its clients' best interests, and the firm's recommendations that clients maintain their assets in accounts at Charles Schwab may be based in part on the benefit to the firm of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Charles Schwab, which may create a potential conflict of interest.

Best execution of client transactions is an obligation Horizon Wealth Advisors takes seriously and is a catalyst in the decision of suggesting a broker/dealer. While quality of execution at the best price is an important determinant, best execution does not necessarily mean lowest price and it is not the sole consideration. The trading process of any broker/dealer suggested by the firm must be efficient, seamless, and straight-forward. Overall custodial support services, trade correction services, and statement preparation are some of the other factors determined when suggesting a broker/dealer. Horizon Wealth Advisors does not have any soft dollar arrangements with any third party.

When a client directs the use of a particular broker/dealer or other custodian, Horizon Wealth Advisors may not be able to obtain the best prices and execution for the transaction. Clients who direct the use of a particular broker/dealer or custodian may receive less favorable prices than would otherwise be the case if clients had not designated a particular broker/dealer or custodian. Further, clients with directed brokerage arrangements will not be able to participate in aggregate trades (i.e. block trades) and directed trades may be placed by Horizon Wealth Advisors after effecting non-directed trades.

### **Handling Trade Errors.**

Horizon Wealth Advisors has implemented procedures designed to prevent trade errors; however, trade errors in client accounts cannot always be avoided. Consistent with its fiduciary duty, it is the policy of Horizon Wealth Advisors to correct trade errors in a manner that is in the best interest of the client. In cases where the client causes the trade error, the client will be responsible for any loss resulting from the correction. Depending on the specific circumstances of the trade error, the client may not be able to receive any gains generated as a result of the error correction. In all situations where the client does not cause the trade error, the client will be made whole and any loss resulting from the trade error will be absorbed by Horizon Wealth Advisors if the error was caused by the firm. If the error is caused by the broker-dealer, the broker-dealer will be responsible for handling the trade error costs. If an investment gain results from the correcting trade, the gain will remain in the client's account unless the same error involved other client account(s) that should also receive the gains and it is not permissible for all clients to retain the gain. Horizon Wealth Advisors may also confer with clients to determine if the client should forego the gain (e.g., due to tax reasons).

Horizon Wealth Advisors will never benefit or profit from trade errors.

### **Block Trading Policy**

Transactions implemented by Horizon Wealth Advisors for client accounts are generally effected independently, unless we decide to purchase or sell the same securities for several clients at approximately the same time. This process is referred to as aggregating orders, batch trading or block trading and is used by our firm when Horizon Wealth Advisors believes such action may prove advantageous to clients. When Horizon Wealth Advisors aggregates client orders, the allocation of securities among client accounts will be done on a fair and equitable basis. Typically, the process of aggregating client orders is done in order to achieve better execution, to negotiate more favorable commission rates or to allocate orders among clients on a more equitable basis in order to avoid differences in prices and transaction fees or other transaction costs that might be obtained when orders are placed independently. Under this procedure, transactions will be averaged as to price and will be allocated among our firm's clients in proportion to the purchase and sale orders placed for each client account on any given day. When Horizon Wealth Advisors determines to aggregate client orders for the purchase or sale of securities, including securities in which Horizon Wealth Advisors may invest, we will



do so in accordance with the parameters set forth in the SEC No-Action Letter, *SMC Capital, Inc.* It should be noted, Horizon Wealth Advisors does not receive any additional compensation or remuneration as a result of aggregation.

## **Item 13 – Review of Accounts**

### **Account Reviews and Reviewers**

For clients that Horizon Wealth Advisors provides assets management services to, the firm continuously monitors the underlying account investments on a continuous basis. Client accounts are reviewed at least weekly. Nicholas G. Drizos, the Chief Compliance Officer of the firm will be responsible for all reviews.

Accounts managed by other money managers will be reviewed when statements or reports are received from the other managers, usually quarterly.

Reviews for clients contracting for pension consulting services will be performed as agreed upon in the engagement for services.

### **Statements and Reports**

Horizon Wealth Advisors will provide semi-annual performance reports to asset management clients that will be prepared using a third-party vendor's software. Clients will receive statements from their account custodian at least quarterly.

Clients establishing accounts with other money managers will receive statements and/or reports from the other money managers.

Pension consulting clients will receive reports as agreed upon in the engagement for services.

Clients should take care to carefully review any statement or communication received from the SAA or the advisor with the statement received from the custodian for your account. If you have any questions regarding the information contained on your statement please contact your advisor or the contact the custodian for your account directly.

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

Horizon Wealth Advisors may receive referral fees for referring clients to other registered investment advisor firms. The amount of fees received may increase as the amount of assets referred to the outside investment advisor increases. The services provided by others as well as the fee sharing arrangements with other investment advisors will vary. Clients will be provided a copy of the outside advisor's solicitation disclosure document and Form ADV Part II or similar disclosure document, containing at least the information contained in the ADV Part II that will disclose specific details of the referral arrangement and the fees that will be paid. Prior to entering into an arrangement with another investment advisor and before referring clients to the other advisor, the firm will be responsible for determining and confirming that the other investment advisor is properly registered with the appropriate state regulatory authority(ies); is excluded from the appropriate regulator's definition of investment advisor; is exempt from registration;

or that the other advisor qualifies for SEC registration and is properly registered with the SEC and noticed filed with any required state securities regulators.

### Item 15 – Custody

Custody, as it applies to investment advisors, has been defined by regulators as having access or control over client funds and/or securities. In other words, custody is not limited to physically holding client funds and securities. If an investment advisor has the ability to access or control client funds or securities, the investment advisor is deemed to have custody and must ensure proper procedures are implemented.

Horizon Wealth Advisors is deemed to have custody of client funds and securities whenever Horizon Wealth Advisors is given the authority to have fees deducted directly from client accounts. However, this is the only form of custody Horizon Wealth Advisors will ever maintain. It should be noted that authorization to trade in client accounts is not deemed by regulators to be custody.

For accounts in which Horizon Wealth Advisors is deemed to have custody, the firm has established procedures to ensure all client funds and securities are held at a qualified custodian in a separate account for each client under that client's name. Clients or an independent representative of the client will direct, in writing, the establishment of all accounts and therefore are aware of the qualified custodian's name, address and the manner in which the funds or securities are maintained. Finally, account statements are delivered directly from the qualified custodian to each client, or the client's independent representative, at least quarterly. Clients should carefully review those statements and are urged to compare the statements against reports received from Horizon Wealth Advisors. When clients have questions about their account statements, they should contact Horizon Wealth Advisors or the qualified custodian preparing the statement.

When fees are deducted from an account, Horizon Wealth Advisors is responsible for calculating the fee and delivering instructions to the custodian. At the same time Horizon Wealth Advisors instructs the custodian to deduct fees from the client's account; Horizon Wealth Advisors will send the client an invoice itemizing the fee. Itemization shall include the formula used to calculate the fee, the amount of assets under management the fee is based on, and the time period covered by the fee.

### Item 16 – Investment Discretion

Through its asset management services and upon receiving written authorization from a client, Horizon Wealth Advisors will maintain trading authorization over client accounts. Upon receiving written authorization from the client, Horizon Wealth Advisors may implement trades on a **discretionary** basis. When discretionary authority is granted, Horizon Wealth Advisors will have the authority to determine the type of securities, the amount of securities that can be bought or sold, the broker or dealer to be used, and the commission rates paid for the client's portfolio without obtaining the client's consent for each transaction. However, it is the policy of Horizon Wealth Advisors to consult with the client prior to making significant changes in the account even when discretionary trading authority is granted by the client.

If you decide to grant trading authorization on a **non-discretionary** basis, we will be required to contact you prior to implementing changes in your account. Therefore, you will be contacted and required to accept or reject our investment recommendations including:

- The security being recommended
- The number of shares or units
- Whether to buy or sell

Once the above factors are agreed upon, Horizon Wealth Advisors will be responsible for making decisions regarding the timing of buying or selling an investment and the price at which the investment is bought or sold. If your accounts are managed on a non-discretionary basis, you need to know that if you are not able to be reached or are slow to respond to our request, it can have an adverse impact on the timing of trade implementations and we may not achieve the optimal trading price.

All clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to our firm so long as the limitations are specifically set forth or included as an attachment to the client agreement.

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

Horizon Wealth Advisors will not vote proxies on behalf of your account. While there are some investment advisors that will vote proxies and other corporate decisions on behalf of their clients, we have determined that taking on the responsibility for voting client securities does not add enough value to the services provided to clients to justify the additional compliance and regulatory costs associated with voting client securities. Therefore, it is your responsibility to vote all proxies for securities held in accounts managed by our firm.

Clients will receive proxies directly from their custodian or transfer agent and such documents will not be delivered by our firm. Although we do not vote client proxies, if you have a question about a particular proxy feel free to contact us.

#### **Item 18 – Financial Information**

This item is not applicable to this brochure. Horizon Wealth Advisors does not require or solicit prepayment of more than \$500 in fees per client, six months or more in advance. Therefore, we are not required to include a balance sheet for our most recent fiscal year. We are not subject to a financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients. Finally, Horizon Wealth Advisors has not been the subject of a bankruptcy petition at any time (*Please refer to Information Required by Part 2B of Form ADV: Brochure Supplement for more information*).

### **C CUSTOMER PRIVACY POLICY NOTICE**

Regulation S-P, Privacy of Consumer Financial Information, requires financial institutions, including Horizon Wealth Advisors, to provide notice to current clients and prospective clients about their policies and practices concerning the collection and use of customer, non-public information. This privacy policy

notice is given to all prospective clients of Horizon Wealth Advisors upon entering into a contract with the firm and annually thereafter.

**Privacy Disclosure Statement.** A primary goal of Horizon Wealth Advisors is to protect the privacy of its clients. The firm does not sell the personal information of clients to anyone. To conduct regular business, the firm may collect nonpublic personal information from clients. This information is provided by clients to Horizon Wealth Advisors on applications and other forms provided by clients to the firm as well as transactions with the firm, our affiliates, or others. Horizon Wealth Advisors may enter into contracts with outside third parties so that the firm can assist its clients in servicing their accounts. In order to do this, Horizon Wealth Advisors will disclose personal information to companies that help the firm process transactions for client accounts (for example, executing client trades at through a broker/dealer). However, Horizon Wealth Advisors does not share or disclose any nonpublic customer information except as allowed or required by law. In addition to sharing information in order to provide financial services to clients, Horizon Wealth Advisors may be required to disclose personal information to cooperate with regulators or law enforcement authorities, to resolve customer disputes, or for risk control.

**Information Safeguarding.** Horizon Wealth Advisors has implemented strict policies and procedures aimed at protecting the sensitive nature of client information. The firm restricts access to client information to only those members of Horizon Wealth Advisors that must provide products and services to clients in order to service client accounts. Horizon Wealth Advisors has implemented physical, electronic, and procedural safeguards aimed at meeting the firm's duty to protect nonpublic client information. If you have any questions concerning the firm's customer privacy policy or concerns about your personal information please feel free to contact, Nicholas J. Drizos.

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