

**Form ADV Part 2A – Firm Brochure  
Item 1: Cover Page  
September 2018**



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**CRD#167343**

This brochure provides information about the qualifications and business practices of Hulick Capital Management, LLC doing business as Holly Street Wealth Advisors. If you have any questions about the contents of this brochure, please contact Thomas W. Hulick at (626) 657-0559. 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 Holly Street Wealth Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Please note that the use of the term "registered investment adviser" and description of Holly Street Wealth Advisors and/or our associates as "registered" does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm's associates who advise you for more information on the qualifications of our firm and our employees.

## **Item 2: Material Changes**

Holly Street Wealth Advisors is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update. Since our last annual amendment filing on 03/02/2018,

- we have added the ability to compensate solicitors for client referrals. Please see Item 14 below for further details.
- Our firm now offers Wrap Comprehensive Portfolio Management services.

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## **Item 4: Advisory Business**

We are dedicated to providing individuals and other types of clients with a wide array of investment advisory services. We specialize in Comprehensive Portfolio Management and Financial Planning & Consulting. Our firm is a limited liability company formed in the State of California. We have been in business as an investment adviser since 2013. Thomas W. Hulick is the Managing Member of Hulick Capital Management, LLC. Holly Street Wealth Advisors is fortunate to have associated with it, a network of industry professionals that make up its Advisory Board, which acts as a resource to management on various business topics.

### **Description of the Types of Advisory Services We Offer**

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#### Comprehensive Portfolio Management:

Our Comprehensive Portfolio Management service encompasses asset management as well as providing financial planning/financial consulting to clients. It is designed to assist clients in meeting their financial goals through the use of financial investments. We conduct at least one, but sometimes more than one meeting (in person if possible, otherwise via telephone conference) with clients in order to understand their current financial situation, existing resources, financial goals, and tolerance for risk. Based on what we learn, we propose an investment approach to the client. We may propose an investment portfolio, consisting of exchange traded funds ("ETFs"), mutual funds, individual bonds, alternative investments, or other securities. Upon the client's agreement to the proposed investment plan, we work with the client to establish or transfer investment accounts so that we can manage the client's portfolio. We may utilize Independent Money Managers, where we design an investment portfolio in conjunction with another investment advisory firm. Before selecting other advisers, we make sure that the other advisers are properly licensed or registered. Once the relevant accounts are under our management, we review such accounts on a regular basis and at least quarterly. We may periodically rebalance or adjust client accounts under our management. If the client experiences any significant changes to his/her financial or personal circumstances, the client must notify us so that we can consider such information in managing the client's investments.

#### Financial Planning & Consulting:

We provide a variety of financial planning and consulting services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of the client's current situation, goals, and objectives. Generally, such financial planning services will involve preparing a financial plan or rendering a financial consultation for clients based on the client's financial goals and objectives. This planning or consulting may encompass one or more of the following areas: Investment Planning, Retirement Planning, Estate Planning, Charitable Planning, Education Planning, Corporate and Personal Tax Planning, Cost Segregation Study, Corporate Structure, Real Estate Analysis, Mortgage/Debt Analysis, Insurance Analysis, Lines of Credit Evaluation, Business and Personal Financial Planning.

Our written financial plans or financial consultations rendered to clients usually include general recommendations for a course of activity or specific actions to be taken by the clients. For example, recommendations may be made that the clients begin or revise investment programs, create or revise wills or trusts, obtain or revise insurance coverage, commence or alter retirement savings, or establish education or charitable giving programs. It should also be noted that we refer clients to an

accountant, attorney or other specialist, as necessary for non-advisory related services. For written financial planning engagements, we provide our clients with a written summary of their financial situation, observations, and recommendations.

#### Referrals to Outside Pension Consultants:

We act as a solicitor for third party pensions consultants where we refer clients in need of such specific services in exchange for a portion of the fee charged by the third party. The terms of such arrangements are laid out in an agreement between our firm and the outside provider, and all clients are provided a solicitor disclosure notifying them of the compensation we stand to earn as a result of this referral. This may create a conflict of interest as we have an incentive to refer clients to firms in which we have such an arrangement, however we will adhere to our fiduciary duty by ensuring our recommendations are in each client's best interest.

#### **Tailoring of Advisory Services**

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We offer individualized investment advice to clients utilizing our Comprehensive Portfolio Management service. Additionally, we offer general investment advice to clients utilizing our Financial Planning & Consulting service.

Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio. However, restrictions on investments in certain securities or types of securities may not be possible due to the level of difficulty this would entail in managing the account. Restrictions would be limited to our Comprehensive Portfolio Management service. We do not manage assets through our other services.

#### **Participation in Wrap Fee Programs**

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Our firm offers and sponsors a wrap fee program, as further described in Part 2A, Appendix 1 (the "Wrap Fee Program Brochure"). Our firm does not manage wrap fee accounts in a different fashion than non-wrap fee accounts. All accounts are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc.

#### **Regulatory Assets Under Management**

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As of December 31, 2017, our firm manages \$135,000,000 on a discretionary basis and \$0 on a non-discretionary basis.

### **Item 5: Fees & Compensation**

#### **How We Are Compensated for Our Advisory Services**

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##### Comprehensive Portfolio Management:

The maximum annual fee charged for this service will not exceed 2.00%. Fees to be assessed will be outlined in the advisory agreement to be signed by the Client. Our firm's fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter. Client understands that any fees or commissions charged

by the Custodian or assessed by any outside money managers are not included in the fee schedule and will be paid directly from client account(s). Adjustments will be made for deposits and withdrawals during the quarter.

Upon the client's authorization, a qualified custodian will deduct from the client's account the management fees for each calendar quarter. The custodian will send clients a statement showing all amounts paid from the account, including all management fees paid by custodian to our firm.

Our firm will also charge advisory fees for non-traded alternative investments under our administration, such as real estate investment trusts or business development companies. The parameters under which we may assess a fee on such securities are outlined in our supervisory procedures so as to prevent "double dipping".

#### Financial Planning & Consulting:

We charge on an hourly or flat fee basis for financial planning and consulting services. The total estimated fee, as well as the ultimate fee that we charge you, is based on the scope and complexity of our engagement with you. Our fee is \$250 per hour or up to \$12,500 per plan.

We require a retainer of fifty-percent (50%) of the ultimate financial planning or consulting fee with the remainder of the fee directly billed to you and due to us within thirty (30) days of your financial plan being delivered or consultation rendered to you. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

#### Referrals to Outside Pension Consultants:

The fees for such services are laid out in the agreement executed between the client, and the third party consultant. We are paid our fees out of the amount charged by the third party consultant and this compensation does not increase the amount the client would have paid otherwise.

#### **Other Types of Fees and Expenses**

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Clients will incur transaction charges for trades executed in their accounts. These transaction fees are separate from our fees and will be disclosed by the firm that the trades are executed through. Also, clients will pay the following separately incurred expenses, which we do not receive any part of: fees assessed by outside money managers, or charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses).

#### **Termination and Refunds**

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In the event that you wish to terminate our services, we will refund the unearned portion of our advisory fee to you. You need to contact us in writing and state that you wish to terminate our services. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees.

#### **Commissionable Securities Sales**

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Our firm and representatives do not sell securities for a commission in advisory accounts.

## **Item 6: Performance-Based Fees & Side-By-Side Management**

Our firm does not charge performance-based fees.

## **Item 7: Types of Clients & Account Requirements**

We have the following types of clients:

- Individuals;
- High Net Worth Individuals;
- Trusts, Estates or Charitable Organizations;

We do not have requirements for opening and maintaining accounts or otherwise engaging our firm.

## **Item 8: Methods of Analysis, Investment Strategies & Risk of Loss**

### **Methods of Analysis**

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

*Fundamental Analysis.* When we consider individual direct investments (such as those into stocks or bonds), we attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall “top-down” global and US economy as well as industry conditions, and the “bottom-up” financial condition, business prospects and management of the company itself) and by comparing those considerations to other investments’ prospects to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

*Technical Analysis.* We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

When we select pooled investment programs (including but not limited to mutual funds, Separately Managed Accounts, ETFs and alternative investments), we consider the same “top-down” and “bottom-up” factors considered in direct investments, as well as the track record, cost, alignment of interests with clients and risk management of the strategies. We may or may not consider ratings provided by 3<sup>rd</sup> party ratings services of the strategies.

### **Investment Strategies We Use**

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

*Long-term purchases.* When utilizing this strategy, we may purchase securities with the idea of holding them for a relatively long time (typically held for at least a year). A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client.

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

### **Risk of Loss**

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Investing in securities involves risk of loss that clients should be prepared to bear. While the stock market may increase and your account(s) could enjoy a gain, it is also possible that the stock market may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the stock market, are appropriately diversified in your investments, and ask us any questions you may have.

### **Description of Material, Significant or Unusual Risks**

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We generally invest client's cash balances in money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. In most cases, at least a partial cash balance will be maintained in a money market account so that our firm may debit advisory fees for our services related to Comprehensive Portfolio Management, as applicable.

### **Alternative Investments**

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For clients who own alternative investments, the absence of a public market, lack of liquidity and an expected investment time horizon may include risks that you should consider:

- You may experience the risk that your investment or assets within your investment may not be able to be liquidated quickly, thus, extending the period of time by which you may receive the proceeds from your investment. Liquidity risk can also result in unfavorable pricing when exiting (i.e. not being able to quickly get out of an investment before the price drops significantly) a particular investment and therefore, can have a negative impact on investment returns.
- No guarantee that investors will receive a distribution. Distributions may be derived from the proceeds of the offering, from borrowings, or from the sale of assets, and we have no limits on the amounts we may pay from such other sources. Payments of distributions from sources other than cash flow from operations may decrease or diminish an investor's interest;
- Economic factors affecting the real estate markets generally, including changes in the economy, tenant turnover, interest rates, availability of mortgage funds, operating expenses, cost of insurance and tenants' ability to continue to pay rent;
- No connection between the share price of the REIT and the net asset value of the REIT until such time as the assets are valued.



### **Item 9: Disciplinary Information**

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

### **Item 10: Other Financial Industry Activities & Affiliations**

Representatives of our firm are insurance agents/brokers. They offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest exists as these insurance sales create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn. To mitigate this potential conflict, our firm will act in the client's best interest.

Hulick Capital Management, LLC has acquired registered investment adviser, Strategy Asset Managers L.L.C. ("SAM"). SAM runs proprietary strategies that are offered to HSWA clients. If a strategy is recommended to HSWA clients, we will, as we normally do, conduct due diligence in order to ensure that the strategy serves our client's best interest. Our clients will pay a discounted fee to SAM for the use of an investment strategy, which may benefit HSWA's principals. In order to mitigate this conflict of interest, our firm will only recommend what we believe reasonably believe serves the clients best interest in consideration of the costs and benefits of the programs offered by SAM in comparison to other investment strategies offered by unaffiliated managers.

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

We recognize that the personal investment transactions of members and employees of our firm demand the application of a high Code of Ethics and require that all such transactions be carried out in a way that does not endanger the interest of any client. At the same time, we believe that if investment goals are similar for clients and for members and employees of our firm, it is logical and even desirable that there be common ownership of some securities.

Therefore, in order to prevent conflicts of interest, we have in place a set of procedures (including a pre-clearing procedure) with respect to transactions effected by our members, officers and employees for their personal accounts. In order to monitor compliance with our personal trading policy, we have a quarterly securities transaction reporting system for all of our associates.

Furthermore, our firm has established a Code of Ethics which applies to all of our associated persons. An investment adviser is considered a fiduciary. 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. We have a fiduciary duty to all clients. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes Insider Trading and Personal Securities Transactions Policies and Procedures. We require all of our 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 at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics. Our firm and 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 our Code of Ethics. However, if a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided promptly upon request.

Related persons of our firm may buy or sell securities and other investments that are also recommended to clients. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request. Further, our related persons will refrain from buying or selling the same securities within 24 hours prior to buying or selling for our clients. If related persons' accounts are included in a block trade, our related persons will always trade personal accounts last.

Related persons of our firm may buy or sell securities for themselves at or about the same time they buy or sell the same securities for client accounts. In order to minimize this conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics, a copy of which is available upon request.

## **Item 12: Brokerage Practices**

### **Selecting a Brokerage Firm**

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We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others, these:

- Ability to maintain the confidentiality of trading intentions
- Timeliness of execution
- Timeliness and accuracy of trade confirmations
- Liquidity of the securities traded
- Willingness to commit capital
- Ability to place trades in difficult market environments
- Research services provided
- Ability to provide investment ideas
- Execution facilitation services provided
- Record keeping services provided
- Custody services provided
- Frequency and correction of trading errors
- Ability to access a variety of market venues
- Expertise as it relates to specific securities
- Financial condition
- Business reputation

With this in consideration, our firm recommends a variety of broker-dealers/custodians that is best suitable for our clients. The primary custodians we recommend are TD Ameritrade Institutional, a division of TD Ameritrade, Inc., member FINRA/SIPC/NFA and Charles Schwab & Co., Inc., member FINRA/SIPC, E-Trade Financial, member FINRA/SIPC(collectively, the "Custodians").

Custodians may make certain research and brokerage services available at no additional cost to our firm. These services may be directly from independent research companies, as selected by our firm (within specific parameters). Research products and services provided by Custodians may include research reports on recommendations or other information about, particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; financial database software and services; computerized news and pricing services; quotation equipment for use in running software used in investment decision-making; and other products or services that provide lawful and appropriate assistance by Custodians to our firm in the performance of our investment decision-making responsibilities.

We do not use client brokerage commissions to obtain research or other products or services. The aforementioned research and brokerage services are used by our firm to manage accounts for which we have investment discretion. Without this arrangement, our firm might be compelled to purchase the same or similar services at our own expense.

As a result of receiving these services, we may have an incentive to continue to use or expand the use of the Custodians services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with the Custodians and we have determined that the relationship is in the best interest of our firm's clients and satisfies our fiduciary obligations, including our duty to seek best execution. Custodians charge brokerage commissions and transaction fees for effecting certain securities transactions (i.e., transaction fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Custodians enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Custodians' commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by the Custodians may be higher or lower than those charged by other custodians and broker-dealers.

Our clients may pay a commission to the Custodians that is higher than another qualified broker dealer might charge to effect the same transaction where we determine in good faith that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although we will seek competitive rates, to the benefit of all clients, we may not necessarily obtain the lowest possible commission rates for specific client account transactions.

### **Soft Dollars**

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We do not receive soft dollar benefits although the non-soft dollar investment research products and services that may be obtained by our firm will generally be used to service all of our clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

### **Client Brokerage Commissions**

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We do not receive client brokerage commissions (or markups or markdowns).

## **Procedures to Direct Client Transactions in Return for Soft Dollars**

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We do not direct client transactions to a particular broker-dealer in return for soft dollar benefits.

## **Brokerage for Client Referrals**

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Our firm does not receive brokerage for client referrals.

## **Directed Brokerage**

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Neither we nor any of our firm's related persons have discretionary authority in making the determination of the brokers with whom orders for the purchase or sale of securities are placed for execution, and the commission rates at which such securities transactions are effected. We routinely recommend that a client directs us to execute through a specified broker-dealer. Our firm recommends the use of one of the Custodians previously mentioned.

## **Permissibility of Client-Directed Brokerage**

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We allow clients to direct brokerage. However, we may be unable to achieve the most favorable execution of client transactions. Client directed brokerage may cost clients more money. For example, in a directed brokerage account, you may pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs, or you may receive less favorable prices.

## **Aggregation of Purchase or Sale**

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We perform investment management services for various clients. There are occasions on which portfolio transactions may be executed as part of concurrent authorizations to purchase or sell the same security for numerous accounts served by our firm, which involve accounts with similar investment objectives. Although such concurrent authorizations potentially could be either advantageous or disadvantageous to any one or more particular accounts, they are affected only when we believe that to do so will be in the best interest of the effected accounts. When such concurrent authorizations occur, the objective is to allocate the executions in a manner which is deemed equitable to the accounts involved. In any given situation, we attempt to allocate trade executions in the most equitable manner possible, taking into consideration client objectives, current asset allocation and availability of funds using price averaging, proration and consistently non-arbitrary methods of allocation.

## **Item 13: Review of Accounts or Financial Plans**

Our Investment Adviser Representatives review accounts on at least a quarterly basis for our clients subscribing to our Comprehensive Portfolio Management service. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. We do not provide written reports to clients, unless asked to do so. Verbal reports to clients take place on at least an annual basis when we contact clients who subscribe to our Comprehensive Portfolio Management service.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market or economic events, the client's life events, requests by the client, etc.

Financial Planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We do not provide ongoing services to financial planning clients, but are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc. Financial Planning clients do not receive written or verbal updated reports regarding their financial plans unless they separately contract with us for a post-financial plan meeting or update to their initial written financial plan.

## **Item 14: Client Referrals & Other Compensation**

### **Qualified Custodians**

We receive an economic benefit from our Custodians in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at TD Ameritrade and/or Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 –Brokerage Practices*). The availability to us of our custodian's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

HSWA may recommend/require that clients establish brokerage accounts with the Schwab Advisor Services division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. The final decision to custody assets with Schwab is at the discretion of the Advisor's clients, including those accounts under ERISA or IRA rules and regulations, in which case the client is acting as either the plan sponsor or IRA account holder. HSWA is independently owned and operated and not affiliated with Schwab. Schwab provides HSWA with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

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

Schwab also makes available to HSWA other products and services that benefit HSWA but may not benefit its clients' accounts. These benefits may include national, regional or HSWA specific educational events organized and/or sponsored by Schwab Advisor Services. Other potential benefits may include occasional business entertainment of personnel of HSWA by Schwab Advisor Services personnel, including meals, invitations to sporting events, including golf tournaments, and other forms of entertainment, some of which may accompany educational opportunities. Other of these products and services assist HSWA in managing and administering clients' accounts. These include software and other technology (and related technological training) that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution

(and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of [Advisor Firm's] fees from its clients' accounts, and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of HWSA's accounts, including accounts not maintained at Schwab Advisor Services. Schwab Advisor Services also makes available to HSWA other services intended to help HSWA manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to HSWA by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to HSWA. While, as a fiduciary, HSWA endeavors to act in its clients' best interests, HWSA's recommendation/requirement that clients maintain their assets in accounts at Schwab may be based in part on the benefit to HSWA of the availability of some of the foregoing products and services and other arrangements and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

We may occasionally co-sponsor educational seminars or receive marketing support from unaffiliated investment companies or mutual funds. Our clients do not pay more for investment transactions effected and/or assets maintained as result of this arrangement. There is no commitment made by us to any other institution as a result of this arrangement.

Except for the arrangements outlined in Item 12 of this brochure, our firm does not have any additional arrangements with Fidelity to disclose.

### **Investment Strategies offered by Strategy Asset Managers, L.L.C.**

The firm's related adviser, Strategy Asset Managers, L.L.C. ("SAM") makes available the following strategies at discounted annualized rates of 0.60% on asset under \$1,000,000 and 0.50% over \$1,000,000. These are in addition to our firm's fees disclosed in Item 2 and are negotiable, based on the size and scope of the engagement.

#### **Worldwide Equity Strategy**

A relative value strategy where SAM buys securities at a discount to fair value, i.e., at a price SAM deems as below what the company (security) should be selling at based upon an analysis of the company and the future outlook for the company. SAM sorts through a large number of companies to arrive at a portfolio of 30 to 35 of best ideas fitting our relative value criteria. A company is sold from the portfolio when it hits what is perceived as fair value or replaced by a company that is more undervalued and represents greater upside potential.

#### **Worldwide Dividend Plus**

This strategy utilizes many of the same research inputs as the Worldwide Equity Strategy, but also employs an additional screen that seeks to identify companies that are consistently growing their dividends annually or have a history of having a stable dividend payout ratio. The objective is to generate a dividend return greater than that of the S&P 500 to help clients who are in need

of current cash flow. Historically, this strategy would provide less growth potential as it trades off growth for higher dividend return.

### **Market Oriented Core**

A quantitative strategy that is based on proprietary research of an outside research firm. SAM purchases the research, ranks the stocks in the S&P 500 based upon this research and then conducts bottom up analysis on the top 100 to determine the candidates SAM wishes to include in a portfolio. A key difference with respect to this strategy is that at 6 month intervals, the process repeats itself, i.e. rank the stocks in the S&P 500, and repeat the research again to build a portfolio. Another key difference with this strategy is that it has an automatic sell discipline whereby if the company drops out of the top 100 ranked S&P 500 stock at the 6 month review period, it is automatically sold, i.e. an automatic sell discipline.

The methods of analysis vary by the strategy being executed. These strategies can be utilized as 100% equity (stocks) or as a balanced strategy utilizing fixed income securities. The investment research utilized is dependent upon the strategy. The investment management team is responsible for conducting the research that leads to an individual stock or bond being purchased in the portfolio.

SAM utilizes extensive outside research such as Thompson Reuters, Value Line, Bank Credit Analyst, investment newsletters, outside private research, daily publications, and research provided by many of the well-known investment banking firms. SAM also pays an outside firm for its proprietary research. SAM is also in touch with its peers to discuss trends and potential areas of opportunity. SAM listens to company conference calls, attends analyst meetings and industry conferences when appropriate. In addition, company reports, Securities and Exchange Commission filings, and numerous daily publications are read to determine whether there are any positive or negative effect on the strategies' holdings.

### **Referral Fees**

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Our firm pays referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with Rule 206 (4)-3 of the Investment Advisers Act of 1940. Such referral fee represents a share of our investment advisory fee charged to our clients. This arrangement will not result in higher costs to the referred client. In this regard, our firm maintains Solicitors Agreements in compliance with Rule 206 (4)-3 of the Investment Advisers Act of 1940 and applicable state and federal laws. All clients referred by Solicitors to our firm will be given full written disclosure describing the terms and fee arrangements between our firm and Solicitor(s). In cases where state law requires licensure of solicitors, our firm ensures that no solicitation fees are paid unless the solicitor is registered as an investment adviser representative of our firm. If our firm is paying solicitation fees to another registered investment adviser, the licensure of individuals is the other firm's responsibility.

### **Item 15: Custody**

Our firm does not have custody of client funds or securities. All of our clients receive account statements directly from their qualified custodians at least quarterly upon opening of an account. If our firm decides to also send account statements to clients, such notice and account statements include a legend that recommends that the client compare the account statements received from the

qualified custodian with those received from our firm. Clients are encouraged to raise any questions with us about the custody, safety or security of their assets and our custodial recommendations.

The SEC issued a no-action letter (“Letter”) with respect to the Rule 206(4)-2 (“Custody Rule”) under the Investment Advisers Act of 1940 (“Advisers Act”). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction (“SLOA”) is deemed to have custody. As such, our firm has adopted the following safeguards in conjunction with our custodian:

- The client provides an instruction to the qualified custodian, in writing, that includes the client’s signature, the third party’s name, and either the third party’s address or the third party’s account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian’s form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client’s qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client’s authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client’s qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client’s instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client’s qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

#### **Item 16: Investment Discretion**

We accept discretionary authority to manage client accounts. By granting investment discretion through the client advisory agreement, client authorizes us to execute securities transactions, which securities are bought and sold, the total amount to be bought and sold, and the costs at which the transactions will be effected. Limitations may be imposed by the client in the form of specific constraints on any of these areas of discretion with our firm’s written acknowledgement.

#### **Item 17: Voting Client Securities**

We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

#### **Item 18: Financial Information**



We are not required to provide financial information in this Brochure because:

- We do not require the prepayment of more than \$1,200 in fees and six or more months in advance.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.