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ITEM 1. COVER PAGE FOR PART 2A OF FORM ADV:

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## **FIRM BROCHURE**

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**June 2019**

**HBA ADVISORS, LLC**

**Doing Business As:**



**100 E. CORSON STREET, SUITE 310**

**PASADENA, CA 91103**

**FIRM CONTACT: CHRISTOPHER HAYDEL, CHIEF COMPLIANCE OFFICER**

**FIRM WEBSITE ADDRESS: [WWW.HBAWEALTH.COM](http://WWW.HBAWEALTH.COM)**

This brochure provides information about the qualifications and business practices of Haydel, Biel & Associates. If you have any questions about the contents of this brochure, please contact Christopher Haydel, Chief Compliance Officer, by telephone at (626) 529-8347 or by email at [chris@hbawealth.com](mailto:chris@hbawealth.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 Haydel, Biel & Associates is also 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 Haydel, Biel & Associates 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 firms' associates who advise you for more information on the qualifications of our firm and its employees.

## **ITEM 2. MATERIAL CHANGES TO OUR PART 2A OF FORM ADV: FIRM BROCHURE**

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**Haydel, Biel & Associates** is required to advise you of any material changes to our Firm Brochure ("Brochure") from our last annual update, identify those changes on the cover page of our Brochure or on the page immediately following the cover page, or in a separate communication accompanying our Brochure. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of the last annual update of our Brochure.

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

**Last Annual Update: 06/22/2018**

- Since our last annual update, we have discontinued our association Betterment Asset Management
- We now will vote proxies on behalf of clients for which you can find more information in item 17.
- A change was made to item 10 of our firm brochure, please refer to said item for more information.

## ITEM 3. TABLE OF CONTENTS

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## **ITEM 4. ADVISORY BUSINESS**

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Haydel, Biel & Associates is dedicated to providing our clients with a wide array of investment advisory services. We specialize in Comprehensive Asset Management, Asset Management Only, Special/Income Portfolio Management, Financial Planning and Consulting, Pension Consulting, and Newsletters. Our firm is a limited liability company formed in the State of California. We have been in business as an investment adviser since 2009 and are owned by Christopher Haydel, Fifty-percent owner and Ricky Biel, Fifty-percent owner.

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

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#### **Comprehensive Asset Management:**

Our comprehensive asset management service encompasses asset management as well as providing financial planning and consulting to clients. Our Comprehensive Asset Management 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 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, mutual funds, individual stocks or bonds, 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. 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.

We may utilize Independent Money Managers, where we may design an investment portfolio and provide ongoing corresponding asset management services on a fee-only basis for a percentage of assets in conjunction with another investment advisory firm. Before selecting other advisers, we make sure that the other advisers are properly licensed or registered.

#### **Asset Management Only:**

We emphasize continuous and regular account supervision. As part of our asset management service, we generally create a portfolio, consisting of individual stocks or bonds, exchange traded funds ("ETFs"), options, mutual funds and other public and private securities or investments. The client's individual investment strategy is tailored to their specific needs and may include some or all of the previously mentioned securities. Each portfolio will be initially designed to meet a particular investment goal, which we determine to be suitable to the client's circumstances. Once the appropriate portfolio has been determined, we review the portfolio at least quarterly and if necessary, rebalance the portfolio based upon the client's individual needs, stated goals and objectives. Each client has the opportunity to place reasonable restrictions on the types of investments to be held in the portfolio.

We may utilize Independent Money Managers, where we may design an investment portfolio and provide ongoing corresponding asset management services on a fee-only basis for a percentage of

assets in conjunction with another investment advisory firm. Before selecting other advisers, we make sure that the other advisers are properly licensed or registered.

### **Special/Income Portfolio Management:**

The Special/Income Portfolio Management is for clients whose wealth management needs are strictly income generation, thus we are limited with the active investments and trading strategies involved in our normal portfolios. The Special/Income Portfolio Management also limits choices available for recommendations like variable annuity products and/or special accounts.

### **Financial Planning and Consultations:**

We provide a variety of financial planning and consultation services to individuals, families and other clients regarding the management of their financial resources based upon an analysis of 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. For Asset Management Only engagements, we usually do not provide our clients with a written summary of our observations and recommendations as the process is less formal than our planning service. Implementation of the recommendations will be at the discretion of the client.

### **Pension Consulting:**

We provide pension consulting services to employer plan sponsors on a one-time or ongoing basis. Generally, such pension consulting services consist of assisting employer plan sponsors in establishing, monitoring and reviewing their company's participant-directed retirement plan. As the needs of the plan sponsor dictate, areas of advising could include: investment options, plan structure and participant education.

All pension consulting services shall be in compliance with the applicable state law(s) regulating pension consulting services. This applies to client accounts that are pension or other employee benefit plans ("Plan") governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). If the client accounts are part of a Plan, and we accept appointments to provide our services to such accounts, we acknowledge that we are a fiduciary within the meaning of Section

3(21) of ERISA (but only with respect to the provision of services described in section 1 of the Pension Consulting Agreement).

**Newsletters:**

Our firm publishes a newsletter providing general information on various financial topics including, but not limited to, market updates, retirement planning, financial industry trends, etc. No specific investment recommendations are provided in this newsletter and the information provided does not purport to meet the objectives or needs of any individual. This newsletter is distributed free of charge to our advisory clients.

**Sub-Manager Limited Discretion:**

For certain client assets, our firm outsources a portion of the investment management to United Capital Financial Advisers, LLC ("United Capital"), an investment adviser not affiliated with our firm, who serves as sub-adviser ("Sub-Manager"). United Capital is granted limited discretionary investment authority over assets that our firm assigns to United Capital. For the assets directed to Sub-Manager for services, its responsibility includes the authority to:

- exercise discretion to determine the types of securities bought and sold, along with the percentage allocation
- apply its discretion as to when to buy and sell
- apply its discretion as to the timing of transactions
- select the broker-dealer for execution of securities transactions, if appropriate, and
- take other portfolio management actions our firm delegates or deems appropriate

Any authority of United Capital only applies to the specific assets, within the Client's custodial account, for which United Capital has been appointed as the discretionary manager. United Capital shall not provide investment advice, or have any advisory responsibility to the Client, beyond the assets for which it is appointed as Sub-Manager. The terms of services provided by United Capital are directed in accordance with a separate written agreement entered into between our firm and United Capital. United Capital also provides separate services to our firm under its division FinLife Partners, as described below in the FinLife Partners Service Offering section.

Our firm has a financial incentive to refer Clients to United Capital rather than manage the assets on its own or refer them to another adviser, creating a conflict of interest. When our firm refers clients to United Capital for Sub-Manager services it receives various incentives, including:

- Certain technology implementation fees incurred by our firm in connection with our firm's use of FinLife Partners' technology solutions will be waived if a predetermined number of our clients subscribe to our firm's guidance services that utilize such technology solutions and United Capital's Sub-Manager services.

- If our firm does not utilize predetermined threshold volume of Sub-Manager services or technology solutions offered by United Capital or FinLife Partners, as applicable, then the relationship with FinLife Partners may be terminated due to insufficient revenue generation.

To address this conflict, if the Client does not want to invest their assets with United Capital as the Sub-Manager or receive our firm's financial guidance services that require access to the FinLife platform, the Client may discuss alternative options with us.

### **Outsourcing of Certain Investment Operations**

Our firm works with various third party service providers, including, among others, Black Diamond Software, Inc., to help support the operational needs of managing and servicing Client accounts. Authority provided to the outsourced service providers may include, but is not limited to placing transactions with broker-dealers at the direction of our firm, opening accounts with Client's account custodian, and facilitating operational requests on the Client's behalf based on instructions provided by associated persons of our firm. When providing these services, the third party service provider is acting as an agent of our firm.

### **FinLife Partners Service Offering**

In an effort to enhance the quality and breath of services that our firm provides to its Clients, our firm utilizes a suite of digitally powered technology solution offered by FinLife Partners, a division of United Capital Financial Advisers, LLC ("FinLife Partners"). FinLife Partners provide access to its technology platform to our firm that includes use of certain technology platform, training relating to use of such technology platform, and if elected by our firm certain clerical document and data compilation services. FinLife Partners is not in any way involved in, or responsible for, the individual investment management or guidance provided to Clients. Our firm pays FinLife Partners a flat fee for its technology implementation services and fees calculated per percentage-basis formula in accordance with the volume of clients for whom our firm utilizes such services and/or products. As such, for certain services offered, Clients indirectly contribute to the payment of cost of services paid to FinLife Partners. Relating to the cost for services, our firm is financially incentivized to refer clients to United Capital, creating a conflict of interest. Financial incentives are described in the Sub-Manager Limited Discretion section described above.

### **Tailoring of Advisory Services**

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We offer individualized investment advice to clients utilizing our Comprehensive Asset Management, Asset Management Only, and Special/Income Portfolio Management services. On the other hand, we offer general investment advice to clients utilizing the following services offered by our firm: Financial Planning and Consulting, and Pension Consulting.

We usually do not allow clients to impose restrictions on investing in certain securities or types of securities due to the level of difficulty this would entail in managing their account. In the rare instance that we would allow restrictions, it would be limited to the following services: Comprehensive Asset Management, Asset Management Only, and Special/Income Portfolio Management. We do not manage assets through our other services.

## Participation in Wrap Fee Programs

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We do not offer wrap fee programs.

## Regulatory Assets Under Management

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We manage \$110,766,697 on a discretionary basis and \$433,981 on a non-discretionary basis as of 3/31/2019.

## ITEM 5. FEES AND COMPENSATION

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We are required to describe our brokerage, custody, fees and fund expenses so you will know how much you are charged and by whom for our advisory services provided to you. Our fees are generally not negotiable.

### How We Are Compensated for Our Advisory Services

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#### Comprehensive Asset Management:

Household Assets Under Management	Annual Advisory Fee
Up to \$499,999	1.75%
\$500,000-\$999,999	1.50%
\$1,000,000-\$4,999,999	1.00%
Over \$5,000,000	0.85%

Our firm's fees are billed on a pro-rata annualized basis monthly in advance based on the value of your account at the end of the previous month.

We pay compensation to Independent Managers for services rendered by these firms to our clients and our firm. This compensation is typically equal to a percentage of the overall investment advisory fee charged by our firm or an agreed upon fixed fee. The advisory fee paid to Independent Managers shall be negotiable in certain circumstances, but shall never exceed the overall amount in our published fee statement.

#### Asset Management Only:

Household Assets Under Management	Annual Advisory Fee
Up to \$499,999	1.75%



\$500,000-\$999,999	1.50%
\$1,000,000-\$4,999,999	1.00%
Over \$5,000,000	0.85%

Our firm's fees are billed on a pro-rata annualized basis monthly in advance based on the value of your account at the end of the previous month.

We pay compensation to Independent Managers for services rendered by these firms to our clients and our firm. This compensation is typically equal to a percentage of the overall investment advisory fee charged by our firm or an agreed upon fixed fee. The advisory fee paid to Independent Managers shall be negotiable in certain circumstances, but shall never exceed the overall amount in our published fee statement.

**Special/Income Portfolio Management:**

Household Assets Under Management	Annual Advisory Fee
Up to \$499,999	1.25%
\$500,000-\$999,999	1.15%
\$1,000,000-\$1,999,999	0.90%
Over \$2,000,000	0.82%

Our firm's fees are billed on a pro-rata annualized basis monthly in advance based on the value of your account at the end of the previous month.

**Financial Planning and Consulting:**

We charge on a flat fee basis for financial planning and consultation 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 flat fees generally range from \$1,500 to \$20,000.

**Pension Consulting:**

We charge on a flat fee basis for pension 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 flat fees generally range from \$750 to \$10,000.

**Description of Whether We Deduct Fees from Clients' Assets or Bill Clients for Fees Incurred**

**Comprehensive Asset Management, Asset Management Only, Special/Income Portfolio Management:**

Our firm's fees are billed on a pro-rata annualized basis monthly in advanced based on the value of your account at the end of the previous month. Fees will generally be automatically deducted from your managed account\*. As part of this process, you understand and acknowledge the following:

- a) Your independent custodian sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid to us;
- b) You provide authorization permitting us to be directly paid by these terms;
- c) If we send a copy of our invoice to you, we send a copy of our invoice to the independent custodian at the same time we send the invoice to you;
- d) If we send a copy of our invoice to you, our invoice includes a legend as required by paragraph (a)(2) of Rule 206(4)-2 under the Investment Advisers Act of 1940.\*\*

\*In rare cases, we will agree to direct bill clients.

\*\*The legend urges the client to compare information provided in their statements with those from the qualified custodian in account opening notices and subsequent statements sent to the client for whom the adviser opens custodial accounts with the qualified custodian.

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

We require a retainer of \$1,200 of the ultimate financial planning or consulting fee at the beginning of the year with the remainder of the fee directly billed to you at the end of the year and due upon receipt of invoice. In all cases, we will not require a retainer exceeding \$1,200 when services cannot be rendered within 6 (six) months.

### **Pension Consulting:**

The fee-paying arrangements for pension consulting service will be determined on a case-by-case basis and will be detailed in the signed Pension Consulting Agreement. The client will be invoiced directly for the fees.

### **Other Types of Fees & 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 trades are executed through. Also, clients will pay the following separately incurred expenses, of which we do not receive any part: 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 & Refunds**

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We charge our advisory fees monthly in advance. 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 fee of earned 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 AND SIDE-BY-SIDE MANAGEMENT**

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We do not charge performance fees to our clients.

## **ITEM 7. TYPES OF CLIENTS AND ACCOUNT REQUIREMENTS**

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We have the following types of clients:

- Individuals and High Net-Worth Individuals;

We do not have any requirements for opening and maintaining accounts or otherwise engaging us.

## **ITEM 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

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### **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;
- Cyclical.

### **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 (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Short sales;
- Margin transactions;
- Option writing, including covered options, uncovered options and/or spreading strategies.

### **Asset Classes We Use**

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**Debt Securities (Bonds):** Issuers use debt securities to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the

security and/or at maturity. Alternatively, investors can purchase other debt securities, such as zero coupon bonds, which do not pay current interest, but rather are priced at a discount from their face values and their values accrete over time to face value at maturity. The market prices of debt securities fluctuate depending on such factors as interest rates, credit quality, and maturity. In general, market prices of debt securities decline when interest rates rise and increase when interest rates fall. Bonds with longer rates of maturity tend to have greater interest rate risks.

Certain additional risk factors relating to debt securities include: (a) When interest rates are declining, investors have to reinvest their interest income and any return of principal, whether scheduled or unscheduled, at lower prevailing rates.; (b) Inflation causes tomorrow's dollar to be worth less than today's; in other words, it reduces the purchasing power of a bond investor's future interest payments and principal, collectively known as "cash flows." Inflation also leads to higher interest rates, which in turn leads to lower bond prices.; (c) Debt securities may be sensitive to economic changes, political and corporate developments, and interest rate changes. Investors can also expect periods of economic change and uncertainty, which can result in increased volatility of market prices and yields of certain debt securities. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. (d) Debt securities may contain redemption or call provisions entitling their issuers to redeem them at a specified price on a date prior to maturity. If an issuer exercises these provisions in a lower interest rate market, the account would have to replace the security with a lower yielding security, resulting in decreased income to investors. Usually, a bond is called at or close to par value. This subjects investors that paid a premium for their bond risk of lost principal. In reality, prices of callable bonds are unlikely to move much above the call price if lower interest rates make the bond likely to be called.; (e) If the issuer of a debt security defaults on its obligations to pay interest or principal or is the subject of bankruptcy proceedings, the account may incur losses or expenses in seeking recovery of amounts owed to it.; (f) There may be little trading in the secondary market for particular debt securities, which may affect adversely the account's ability to value accurately or dispose of such debt securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of debt securities.

Our firm attempts to reduce the risks described above through diversification of the client's portfolio and by credit analysis of each issuer, as well as by monitoring broad economic trends and corporate and legislative developments, but there can be no assurance that our firm will be successful in doing so. Credit ratings for debt securities provided by rating agencies reflect an evaluation of the safety of principal and interest payments, not market value risk. The rating of an issuer is a rating agency's view of past and future potential developments related to the issuer and may not necessarily reflect actual outcomes. There can be a lag between the time of developments relating to an issuer and the time a rating is assigned and updated.

**Exchange Traded Funds ("ETFs"):** An ETF is a type of Investment Company (usually, an open-end fund or unit investment trust) whose primary objective is to achieve the same return as a particular market index. The vast majority of ETFs are designed to track an index, so their performance is close to that of an index mutual fund, but they are not exact duplicates. A tracking error, or the difference between the returns of a fund and the returns of the index, can arise due to differences in composition, management fees, expenses, and handling of dividends. ETFs benefit from continuous pricing; they can be bought and sold on a stock exchange throughout the trading day. Because ETFs trade like stocks, you can place orders just like with individual stocks - such as limit orders, good-until-canceled orders, stop loss orders etc. They can also be sold short. Traditional mutual funds are

bought and redeemed based on their net asset values (“NAV”) at the end of the day. ETFs are bought and sold at the market prices on the exchanges, which resemble the underlying NAV but are independent of it. However, arbitrageurs will ensure that ETF prices are kept very close to the NAV of the underlying securities. Although an investor can buy as few as one share of an ETF, most buy in board lots. Anything bought in less than a board lot will increase the cost to the investor. Anyone can buy any ETF no matter where in the world it trades. This provides a benefit over mutual funds, which generally can only be bought in the country in which they are registered.

One of the main features of ETFs are their low annual fees, especially when compared to traditional mutual funds. The passive nature of index investing, reduced marketing, and distribution and accounting expenses all contribute to the lower fees. However, individual investors must pay a brokerage commission to purchase and sell ETF shares; for those investors who trade frequently, this can significantly increase the cost of investing in ETFs. That said, with the advent of low-cost brokerage fees, small or frequent purchases of ETFs are becoming more cost efficient.

**Equity Securities:** Equity securities represent an ownership position in a company. Equity securities typically consist of common stocks. The prices of equity securities fluctuate based on, among other things, events specific to their issuers and market, economic and other conditions. For example, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. There may be little trading in the secondary market for particular equity securities, which may adversely affect our firm's ability to value accurately or dispose of such equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities. Investing in smaller companies may pose additional risks as it is often more difficult to value or dispose of small company stocks, more difficult to obtain information about smaller companies, and the prices of their stocks may be more volatile than stocks of larger, more established companies. Clients should have a long-term perspective and, for example, be able to tolerate potentially sharp declines in value.

**Mutual Funds:** A mutual fund is a company that pools money from many investors and invests that money in a variety of differing security types based on the objectives of the fund. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares are the fund's per share net asset value (“NAV”) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads). Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades. With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which is calculated daily after market close.

The benefits of investing through mutual funds include: (a) Mutual funds are professionally managed by an investment adviser who researches, selects, and monitors the performance of the securities purchased by the fund; (b) Mutual funds typically have the benefit of diversification, which is an investing strategy that generally sums up as “Don't put all your eggs in one basket.” Spreading investments across a wide range of companies and industry sectors can help lower the risk if a

company or sector fails. Some investors find it easier to achieve diversification through ownership of mutual funds rather than through ownership of individual stocks or bonds.; (c) Some mutual funds accommodate investors who do not have a lot of money to invest by setting relatively low dollar amounts for initial purchases, subsequent monthly purchases, or both.; and (d) At any time, mutual fund investors can readily redeem their shares at the current NAV, less any fees and charges assessed on redemption.

Mutual funds also have features that some investors might view as disadvantages: (a) Investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distributions they receive. This includes instances where the fund performed poorly after purchasing shares.; (b) Investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.; and (c) With an individual stock, investors can obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or your investment adviser. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, with a mutual fund, the price at which an investor purchases or redeems shares will typically depend on the fund's NAV, which the fund might not calculate until many hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

When investors buy and hold an individual stock or bond, the investor must pay income tax each year on the dividends or interest the investor receives. However, the investor will not have to pay any capital gains tax until the investor actually sells and makes a profit. Mutual funds, however, are different. When an investor buys and holds mutual fund shares, the investor will owe income tax on any ordinary dividends in the year the investor receives or reinvests them. Moreover, in addition to owing taxes on any personal capital gains when the investor sells shares, the investor may have to pay taxes each year on the fund's capital gains. That is because the law requires mutual funds to distribute capital gains to shareholders if they sell securities for a profit, and cannot use losses to offset these gains.

**Please note:**

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.

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## **ITEM 9. DISCIPLINARY INFORMATION**

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Our firm and part of our management was found to have been involved in a violation of an investment-related statute or regulation. HBA willfully violated, and Ricky Biel caused HBA's violations of Section 206(4) of the Advisers Act and Rule 206(4)-1(a)(1) thereunder, which states that it shall constitute a fraudulent, deceptive, or manipulative act, practice, or course of business for any investment adviser registered or required to be registered under the Advisers Act, directly or indirectly, to publish, circulate, or distribute any advertisement which refers, directly or indirectly, to any testimonial of any kind concerning the investment adviser or concerning any advice, analysis,

report or other service rendered by such investment adviser. As a result of this violation, HBA has been censured. Additionally, HBA has received a fine of \$15000 payable to the Securities and Exchange Commission, Ricky Biel has received a fine of \$10000 payable to the Securities and Exchange Commission. Furthermore, HBA and Ricky Biel have been indicated to cease and desist from committing or causing any violations and any future violations of Section 206(4) of the Advisers Act and Rule 206(4)-1(a)(1) thereunder.

## **ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

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Representatives of our firm are licensed insurance agents/brokers. They may offer insurance products and receive customary fees as a result of insurance sales. A conflict of interest may arise as these insurance sales may create an incentive to recommend products based on the compensation adviser and/or our supervised persons may earn and may not necessarily be in the best interests of the client.

## **ITEM 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

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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<sup>1</sup>. 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

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<sup>1</sup> For purposes of the policy, our associate's personal account generally includes any account (a) in the name of our associate, his/her spouse, his/her minor children or other dependents residing in the same household, (b) for which our associate is a trustee or executor, or (c) which our associate controls, including our client accounts which our associate controls and/or a member of his/her household has a direct or indirect beneficial interest in.

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.

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.

Mr. Haydel a principal of our firm is the manager of Zoic Management Investors, a corporation specialized in the field of private placement consulting. Mr. Haydel spends less than 5% of his time performing this activity.

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## **ITEM 12. BROKERAGE PRACTICES**

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### **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 has an arrangement with TD Ameritrade Institutional division of TD Ameritrade, Inc. (“TDA”). TDA (hereinafter referred to as our “Custodian”) offer to independent investment advisers non-soft dollar services through our participation in these programs. These services include, among others, brokerage, custodial, administrative support, record keeping and related services that are intended to support our firm in conducting business and in serving the best interests of our clients but may benefit our firm.

We may use Arbor Research & Trading, Inc. (“Arbor”) rather than our Custodian for purchases and sales of fixed income securities in order to access a wider range of securities or to obtain better prices for our clients.

Our Custodian 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 our Custodian 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 our Custodian to our firm in the performance of our investment decision-making responsibilities.

In addition, our firm receives research through Arbor, an institutional research and brokerage firm that produces innovative research across a broad range of global fixed-income, equity, currency, and commodity markets.

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 the services for no additional cost, we may have an incentive to continue to use or expand the use of our Custodian’ and/or Arbor’s services. Our firm examined this potential conflict of interest when we chose to enter into the relationship with our Custodian and/or Arbor and we have determined that the relationship is in the best interest of our firm’s clients and satisfies our client obligations, including our duty to seek best execution.

Our Custodian and/or Arbor 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). Our Custodian and/or Arbor enable us to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. Our Custodian’ and/or Arbor’s commission rates are generally discounted from customary retail commission rates. However, the commission and transaction fees charged by our Custodian and/or Arbor may be higher or lower than those charged by other Custodian and broker-dealers.

Our clients may pay a commission to our Custodian and/or Arbor 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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Although the 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.

### **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.

### **Special Considerations for ERISA Clients**

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A retirement or ERISA plan client may direct all or part of portfolio transactions for its account through a specific broker or dealer in order to obtain goods or services on behalf of the plan. Such direction is permitted provided that the goods and services provided are reasonable expenses of the plan incurred in the ordinary course of its business for which it otherwise would be obligated and empowered to pay. ERISA prohibits directed brokerage arrangements when the goods or services purchased are not for the exclusive benefit of the plan. Consequently, we will request that plan sponsors who direct plan brokerage provide us with a letter documenting that this arrangement will be for the exclusive benefit of the plan.

### **Special Considerations for Sub-Advisory Management Clients**

- a) We select brokers and dealers for any purchase or sale of assets of Client Accounts and are responsible for obtaining best execution for transactions. Consistent with this idea, we may, in the allocation of portfolio brokerage business and the payment of brokerage commissions, consider the brokerage and research services furnished the Sub-Adviser by brokers and dealers, in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended. Such research generally will be used to service all of our clients, but brokerage commissions paid by the Client Accounts may be used to pay for research that is not used in managing the Client Accounts.

- b) Should a Client direct in writing that the Adviser or our firm use a particular broker or dealer, then such Client will negotiate terms and arrangements for their Account with that broker or dealer and we will not seek better execution services or prices from other broker-dealers. As a result, such Client Account may pay higher commissions or greater spreads, or receive less favorable net prices, on transactions for the Client Account than would otherwise be the case.
- c) Adviser and our firm are not responsible or liable for the acts or omissions of any broker-dealer.

### **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 effected only when we believe that to do so will be in the best interest of the affected 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**

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We review accounts on at least a quarterly basis for our clients subscribing to the following services: Comprehensive Asset Management, Asset Management Only, and Special/Income Portfolio Management. Ongoing Pension Consulting clients receive at least quarterly reviews. 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. Only our Financial Advisors or Portfolio Managers will conduct reviews.

Financial planning clients do not receive reviews of their written plans unless they take action to schedule a financial consultation with us. We provide ongoing services to financial planning clients, and are willing to meet with such clients upon their request to discuss updates to their plans, changes in their circumstances, etc.

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.

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 meet with clients who subscribe to the following services: Comprehensive Asset Management, Asset Management Only, and Special/Income Portfolio Management, Ongoing Pension Consulting.

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 AND OTHER COMPENSATION**

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### **TD Ameritrade**

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We participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our Clients, although we receive economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our firm's participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our firm's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to our clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our firm's choice of TD Ameritrade for custody and brokerage services.

Except for the arrangements outlined in Item 12 of this Brochure, we have no additional arrangements with Fidelity Brokerage Services to disclose.

### **Referral Fees**

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We do not pay 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.

## **ITEM 15. CUSTODY**

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We do not have custody of client funds or securities. All of our clients receive at least quarterly account statements directly from their Custodian. Upon opening an account with a qualified custodian on a client's behalf, we promptly notify the client in writing of the qualified custodian's contact information. If we decide 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.

We encourage our clients to raise any questions with us about the custody, safety or security of their assets. The Custodian we do business with will send you independent account statements listing your account balance(s), transaction history and any fee debits or other fees taken out of your account.

## **ITEM 16. INVESTMENT DISCRETION**

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Our clients need to sign a discretionary investment advisory agreement with our firm for the management of their account. This type of agreement only applies to our Comprehensive Asset Management, Asset Management Only, and Special/Income Portfolio Management services. We do not take or exercise discretion with respect to our Financial Planning and Consulting and Pension Consulting clients.

## **ITEM 17. VOTING CLIENT SECURITIES**

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SEC Rule 206(4)-6 requires investment advisers who have voting authority with respect to securities held in their clients' accounts to monitor corporate actions and vote proxies in their clients' interests. Our firm is required by the SEC to adopt written policies and procedures, make those policies and procedures available to clients, and retain certain records with respect to proxy votes cast.

Our firm considers proxy voting an important right of our clients as shareholders and believe that reasonable care and diligence must be taken to ensure that such rights are properly and timely exercised. When our firm has discretion to vote the proxies of our clients, our firm will vote those proxies in the client's best interests and in accordance with these policies and procedures. Clients may request a copy of our written policies and procedures regarding proxy voting and/or information on how particular proxies were voted by contacting our Chief Compliance Officer, Christopher Haydel, by phone at (626) 529-8347 or email at [chris@hbawealth.com](mailto:chris@hbawealth.com).

### **Policy for Voting Proxies**

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All proxies received by our firm will be given to our Chief Compliance Officer or designated person for processing. Our Chief Compliance Officer will determine which accounts managed by our firm hold the security to which the proxy relates. These accounts and their share holdings will be matched to the proxies received for each security. Missing proxies or significant variances in shares held will be investigated.

A grid of securities being voted will be updated with each proxy being voted. The grid will also contain a list of clients with the security voted upon. Our Chief Compliance Officer will review each item for voting on each proxy. Based on our proxy voting guidelines outlined below, a determination of how our firm votes will be made. Proxies will generally be voted online unless custodian requires mailed forms. In the absence of standing voting guidelines from the client, our firm will vote proxies in the best interest of each particular client.

### **Proxies Voting Guidelines**

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Where voting authority exists, proxies are voted by our firm according to Board recommendations in categories listed below among others unless not deemed to be in the best interests of the client:

- for directors and for management on routine matters;
- for a limit on or reduction of the number of directors, and for an increase in the number of directors on a case by case basis;
- against the creation of a tiered board;
- for the elimination of cumulative voting;
- for independence of auditors;
- for deferred compensation;
- for profit sharing plans;
- for stock option plans unless the plan could result in material dilution to shares outstanding or is excessive;
- for stock repurchases;
- for an increase in authorized shares unless the authorization effectively results in a blind investment pool for shareholders;
- for reductions in the par value of stock;
- for company name changes;
- for routine appointments of auditors.

Our firm abstains on motions to limit directors' liability. Material issues not addressed above (e.g., mergers, poison pills, social investing and miscellaneous shareholder proposals) are dealt with on a case-by-case basis.

Our firm will defer to instruction from clients in all voting matters. Records of all issues and votes are maintained and reported to clients as requested.

Our firm recognizes that under certain circumstances our firm may have a conflict of interest between us and our clients. Such circumstances may include, but are not limited to, situations where our firm or one or more of our affiliates, including officers, directors and employees, has or is seeking a client relationship with the issuer of the security that is the subject of the proxy vote. Our firm shall periodically inform our employees that they are under an obligation to be aware of the potential for conflicts of interest on the part of our firm with respect to voting proxies on behalf of funds, both as a result of our employee's personal relationships and due to circumstances that may arise during the conduct of our business, and to bring conflicts of interest of which they become aware to the attention of the proxy manager. Our firm shall not vote proxies relating to such issuers on behalf of client accounts until our firm has determined that the conflict of interest is not material or a method of resolving such conflict of interest has been agreed upon by our management team. A conflict of interest will be considered material to the extent that it is determined that such conflict has the potential to influence our decision-making in voting a proxy. Materiality determinations will be based upon an assessment of the particular facts and circumstances. If our firm determines that a conflict of interest is not material, our firm may vote proxies notwithstanding the existence of a conflict. If the conflict of interest is determined to be material, the conflict shall be disclosed to our management team and our firm shall follow the instructions of the management team.

Our Chief Compliance Officer will maintain files relating to our proxy voting procedures. Records will be maintained and preserved for 5 years from the end of the fiscal year during which the last entry

was made on a record, with records for the last two years kept on our premises. Records of the following will be included in the files:

- a copy of each proxy statement that our firm receives, provided however that our firm may rely on obtaining a copy of proxy statements from the SEC's EDGAR system for those proxy statements that are available;
- a record of each vote that our firm casts;
- a copy of any document our firm created that was material to making a decision how to vote proxies, or that memorializes that decision;
- a copy of each written client request for information on how our firm voted such client's proxies, and a copy of any written response to any client request for information on how our firm voted their proxies.

Our written policies and procedures regarding proxy voting are disclosed here. Information on how particular proxies were voted may contact our Chief Compliance Officer, Christopher Haydel, by phone at (626) 529-8347 or email at [chris@hbawealth.com](mailto:chris@hbawealth.com).

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## **ITEM 18. FINANCIAL INFORMATION**

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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 when services cannot be rendered within 6 (six) months.
- We do not take custody of client funds or securities.
- We do not have a financial condition or commitment that impairs its ability to meet contractual and fiduciary obligations to clients.

We have never been the subject of a bankruptcy proceeding.