

# HAVERDINK FINANCIAL MANAGEMENT, LLC

## CLIENT BROCHURE

*This Brochure provides information about the qualifications and business practices of Haverdink Financial Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (269) 321-5070 or via email directly to the President and Chief Compliance Officer at [kevin@hfmadvisor.com](mailto:kevin@hfmadvisor.com).*

*The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC"). Registration does not imply a certain level of skill or training. Additional information about Haverdink Financial Management, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

Haverdink Financial Management, LLC's CRD number is: 131236.

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January 30, 2024

## ITEM 2: MATERIAL CHANGES

Registered Investment Advisers are required to amend their Form ADV Brochures promptly throughout the year with material changes and no less than once per year within 90 days of each fiscal year end.

Haverdink Financial Management's Form ADV 2A Brochure was most recently amended on **January 30, 2024**, to update the Adviser's 2023 fiscal year information. There were no material changes to report.

This Brochure was previously amended on **February 23, 2023**, to update the Adviser's 2022 fiscal year information. There were no material changes to report.

We always look forward to hearing from our clients. If you should have any questions with regard to the contents of this Brochure or our services, please contact our office.

Thank you!

Kevin Haverdink  
President and Chief Compliance Officer

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## ITEM 4: ADVISORY BUSINESS

### A. DESCRIPTION OF THE ADVISORY FIRM.

Haverdink Financial Management, LLC ("*Haverdink Financial Management*" or "*Adviser*") has been in the investment advisory business since May 2004. The Adviser is registered with and regulated by the United States Securities and Exchange Commission.

Haverdink Financial Management is 100% owned by The Kevin and Laura Haverdink Revocable Trust. Kevin Haverdink is trustee and the Adviser's President and Chief Compliance Officer. Mr. Haverdink is registered as an Adviser Representative of the Adviser. Laura Haverdink is trustee and holds the titles of Vice-President, Secretary and Treasurer. Ms. Haverdink provides professional administration services and does not engage in providing financial or investment advisory services.

### B. TYPES OF ADVISORY SERVICES

Haverdink Financial Management, LLC, ("*Haverdink Financial Management*" or the "*Adviser*"), is a fee only Registered Investment Adviser. The term "*fee only*" means that Haverdink Financial Management and its Adviser Representatives do not accept commissions in connection with securities or insurance recommendations. Haverdink Financial Management is only compensated for advisory services via a percentage of assets under management; hourly fees or project-based fees depending upon the services requested and scope of the engagement. The Adviser is a fiduciary to each of its clients.

"*Adviser Representatives*" are those persons authorized by the firm to deliver financial and investment advisory services. Adviser Representatives of Haverdink Financial Management are not registered representatives of a broker/dealer and the Representatives are not insurance agents.

The Adviser is not a broker/dealer or custodial firm. All transactions in securities will be executed by an unaffiliated custodial firm of clients' choosing.

Haverdink Financial Management may offer a complimentary general consultation to discuss services available, to give a prospective client time to review services desired, and to determine the possibility of a potential Client-Adviser relationship. Services begin only after the client and Adviser formalize the relationship with a properly executed Client Agreement.

After the formal engagement and depending upon the scope of the engagement, the Adviser and client will share in a data gathering and discovery process in an effort to determine the client's needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the client and the nature of services requested. The client and Adviser may complete a risk assessment, investment policy statement or similar document, depending upon the nature of services to be provided.

Haverdink Financial Management offers **Investment Management, Financial Planning, and General Consultation Services**. On occasion, the Adviser may also offer **General Education Seminars or Workshops**.

1. Investment Management Services are ongoing in nature, focus solely on portfolio management, and do not include financial planning services or consultation services outside the scope of the managed investments.
2. Financial Planning Services are hourly or project-based services and generally terminate upon the delivery of services unless otherwise agreed in writing.
3. Consultation Services are hourly or project-based services and generally terminate upon the delivery of services unless otherwise agreed upon in writing.
4. General Education Seminars and Workshops are individual general education opportunities in connection with investment management and/or financial planning topics. The content is general in nature and does not constitute individualized services. Participants are welcome but are never obligated to contact the Haverdink Financial Management for advisory services.

**1. Investment Management Services** involve ongoing and continuous portfolio management. Haverdink Financial Management focuses on providing individualized services that are tailored to meet the stated needs and objectives of the client. In the delivery of initial and ongoing services and based upon the client's level of participation, the Adviser will normally include a comprehensive review of the overall aspects of a client's current financial situation and consider both long and short-term objectives and goals, or as directed by the client.

Clients engaging in Investment Management Services must play an active role. The Adviser requires the client to participate in the financial and investment review; the development of an investment policy or similar document, if applicable; the development of the investment plan to be followed; as well as participation in reviews and the ongoing advice and recommendations.

Depending on the nature of the services to be provided, Haverdink Financial Management generally develops and utilizes an asset allocation model that is consistent with the client's desired rate of return, time horizon and risk tolerance. Haverdink Financial Management can design and implement a portfolio or assist with the implementation. Where a portfolio has been designed by the client or another party, Haverdink Financial Management will provide recommendations for re-design, adjustments or re-balancing.

Once the portfolio has been implemented or transferred for services, Haverdink Financial Management can provide continuous monitoring, recommendations and investment advice as outlined in the engagement for services. The ongoing Investment Management Services is based upon a targeted asset allocation agreed upon between Haverdink Financial Management and the client. In providing ongoing Investment Management Services, the Adviser will manage investor funds in accordance with an investment plan as selected by the client and the Adviser will remain available for ongoing advice and recommendations. The Adviser will monitor the portfolio in accordance with the directives provided. Investment Management Services are continuous in nature and thus are ongoing until terminated by either party.

Haverdink Financial Management can tailor services to focus only on certain portfolio components or the Adviser can provide comprehensive portfolio management services,

depending upon the client's wishes and/or the nature of the engagement.

The Adviser welcomes the opportunity to provide individualized services. However, where investment management services or information are limited, clients must understand that comprehensive investment needs and or objectives may not be fully considered due to the client's option not to receive limited services, the lack of information received, and/or client disclosure.

Investment Management Services generally begin with an initial data-gathering interview in an effort to determine the client's stated individual needs, goals, time horizons and risk tolerance. Haverdink Financial Management utilizes the information provided by the client to prepare recommendations for investments, which may include planning for long-range goals (*i.e.*, retirement planning or college funding) or other segments of an investment plan that may be desired.

After an analysis and data-gathering process and depending upon the nature of services desired, the Adviser may prepare reviews, analysis, asset allocation recommendations, and may recommend specific investments.

Unless otherwise directed by the client, Haverdink Financial Management will generally seek to allocate a client's assets among various investments, taking into consideration the client's strategic portfolio framework developed with clients. The Adviser attempts to construct a diversified portfolio of investment recommendations that are within its realm of expertise. In each case, the stated individual needs, goals and desires of clients are taken into consideration.

While Haverdink Financial Management will typically recommend investments in mutual funds, index funds, exchange traded funds, individual equities, U.S. government securities, municipal bonds, and other fixed-income securities. The Adviser will generally seek to allocate the client's assets among various investments, taking into consideration the overall management style and portfolio framework selected by the client. The Adviser attempts to construct a diversified portfolio of investment recommendations that are within its realm of expertise. In each case, the stated individual needs, goals and desires of clients are taken into consideration.

Depending on the needs of a client, the Adviser may also evaluate or offer advice on variable life and annuities, but the Adviser does not engage in sales of these types of products. In addition, if requested and based upon information provided by the client, the Adviser can prepare an evaluation of existing portfolio investments and provide recommendations for other investments as deemed appropriate. While the Adviser may offer general advice on partnership investments, including hedge funds, private limited partnerships, etc., the services provided to private investments are limited to consultation regarding the investment opportunity and a review of the offering documents versus the management of partnership investments, unless specifically agreed to in writing.

Services and investment recommendations in connection to assets invested in corporate retirement plans are limited to those offered within the plan and via the plan's contracted service providers.

Clients engaging in investment advisory services are expected to play an active role. The Adviser requires the client to participate in the formation of the investment plan, the



development of investment advice and recommendations and the ongoing services provided.

Clients may call the office during regular business hours to discuss their portfolio or ask questions, but the Adviser recommends that clients initiate a meeting with the Adviser no less than annually. *However, clients are obligated to immediately inform the Adviser of any changes in their financial situation to provide the Adviser with the opportunity to review the portfolio to ensure it is still structured to help meet the client's stated needs and objectives.*

The services provided by the Adviser are based upon the client's stated individual needs and objectives. In providing ongoing Investment Management Services, Haverdink Financial Management will manage investor funds in accordance with an investment policy/strategy or plan as selected by the client and the client's written directives. The Adviser will remain available for ongoing advice and recommendations throughout the engagement.

If services desired go outside the scope of Investment Management Services, the Adviser may be available to provide Consultation and/or Financial Planning Services. In such cases, the Adviser may request a new or amended Client Agreement and additional fees will apply. The Adviser will not engage in additional services without the client's direction.

**2. Financial Planning Services** involve hourly or project-based services that may be comprehensive in nature or services can be tailored to address one or more components of financial planning. Advice may be provided on issues relating to retirement planning, cash flow analysis, sponsored benefit determination, business owner issues, education funding, employee benefit issues, major purchases, and risk management planning. The services requested may include short-term and/or long-term goal planning as directed by the client.

The Adviser can tailor services as desired by the client. Financial Planning Services may be general in nature or can be focused on particular areas of interest or components of planning rather than on comprehensive planning, depending upon the client's needs. The services to be provided and the Adviser's fee(s) are agreed upon at the time of engagement. As part of the Adviser's policy toward full disclosure, advisory fees are outlined in advance and in writing before any services are performed.

This policy assures that the client's affairs will be evaluated objectively and in a cost-effective manner. The Adviser reserves the right to increase or decrease the rate or amount of the fee with the consent of the client, based upon individual circumstances, complexities, additional services requested, or a modification in the nature and scope of services.

When Financial Planning Services only focus on certain areas of client interests, needs or is otherwise limited, clients must understand that a client's overall financial and investment needs, liabilities and objectives may not be considered as a result of time and/or service restraints placed on the Adviser's services. Clients requiring assistance on issues relating to matters outside of financial and investment advisory topics should consult their personal tax adviser, legal counsel, or other professionals for expert opinions.

When providing a review or advice on investments within retirement plans, the advice and any recommendations are limited to plan offerings and the service provider(s) selected by the plan providers.

Implementation of any advice or recommendations pertaining to securities or non-securities matters, in whole or in part, is entirely at the client's discretion via the service provider(s) of the client's choice.

Financial Planning Services generally utilize long-term strategies so that continuous monitoring is not required. The advice provided by the Adviser may include recommendations for updates and reviews. Clients are welcome but are never obligated to retain the Adviser for additional or follow-up services. Where additional or new services are desired, Haverdink Financial Management may require an amended or new client agreement.

Financial Planning Services will not include any portfolio monitoring, investment reviews or investment management. Investment Management Services may be available via a new client agreement.

**3. Haverdink Financial Management is available to provide **Consultation Services** on an hourly or project basis. Advice may be provided on general issues relating to investments, portfolios, or other issues of interest to clients. The Adviser can tailor services as desired by the client. Consultation Services are not comprehensive in nature in that services only focus on certain areas of client interests, needs or is otherwise limited. Therefore, clients must understand that a client's overall financial and investment needs and objectives may not be considered as a result of time and/or service restraints placed on the Adviser's services. The services provided terminate upon delivery unless otherwise agreed in writing. The advice provided by the Adviser may include recommendations for updates and reviews and the client's responsibility to follow-up and secure additional services under a new or amended agreement.**

Adviser Representatives may suggest the client work closely with the client's attorney, accountant, insurance agent, and the client's custodian. Clients requiring assistance on issues relating to matters outside of investment advisory topics should consult their personal tax Adviser, legal counsel, or other professionals for expert opinions.

Implementation of any advice or recommendations pertaining to securities and/or non-securities matters, in whole or in part, is entirely at the client's discretion via the service provider(s) of the client's choice.

When providing a review or advice on investments within retirement plans, the advice and any recommendations are limited to plan offerings and the service provider(s) selected by the plan providers.

The advice provided by the Adviser may include recommendations for updates and reviews and these services can be obtained under a new or amended agreement at the client's discretion.

Consultation Services will not include any portfolio monitoring, reviews, follow-ups, or other services. If additional or new services are desired, clients are welcome to secure these services via a new or amended agreement. Investment Management Services

may also be available via a new client agreement.

4. Haverdink Financial Management may also conduct general **Educational Workshops and Seminars** on topics relating to investment management or financial issues. The presentations will provide general information only. Participants are never obligated but are welcome to seek out individualized services from the Adviser.

From time to time, the Adviser may charge a fee for Educational Workshops or Seminars, depending upon the nature of services, complexity of content, materials provided, location, or at the discretion of the Adviser. All fees and the Adviser's cancellation policy (and refund policy, if applicable) will be clearly noted in the offering document or invitation.

### **C. CLIENT TAILORED SERVICES AND CLIENT IMPOSED RESTRICTIONS**

Haverdink Financial Management focuses on providing individualized services. The Adviser can tailor services to focus only on certain portfolio components, depending upon the client's wishes and/or the nature of the engagement. However, where client services or information are limited, clients must understand that comprehensive financial and/or investment needs and objectives may not be fully considered due to the client's option to receive limited services, the lack of information received, and/or client disclosure.

The Adviser and client will share in a data gathering and discovery process in an effort to determine the client's stated needs, goals, intentions, time horizons, risk tolerance and investment objectives, based upon information provided by the client and the nature of services requested.

The client and Adviser may complete a risk assessment, investment policy statement or similar document, depending upon the nature of services to be provided. Clients may not impose reasonable restrictions in investing in certain securities or types of securities in accordance with their values or beliefs unless otherwise agreed by the Adviser in writing. Clients are welcome to set parameters on the Adviser's limited discretionary authority in writing as to types of investments and amounts purchased or sold.

**Retirement Plan Rollovers:** Haverdink Financial Management is a fiduciary to each of its clients and fiduciary duties apply to investment advice in connection with your retirement plan account or individual retirement account within the meaning of Title I of the Employee Retirement Income Security Act and the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way our firm earns compensation (asset-based fees for managed accounts) creates some conflicts with your interests. Therefore, we must operate under a special rule that requires us to act in your best interest and not put our interests ahead of yours. At the time of a rollover recommendation, we will provide you with a written disclosure discussing the reasons the rollover is in your best interests. Also, under this special rule's provisions, we must:

- \* Meet a professional standard of care when making investment recommendations (give prudent advice).
- \* Never put our financial interests ahead of yours when making recommendations (give loyal advice).
- \* Provide basic information about conflicts of interests and fees while avoiding misleading statements about these topics and investments

- \* Follow policies and procedures designed to ensure that we give advice that is in your best interest.
- \* Charge no more than is reasonable for our services

Where clients retain authority to implement recommendations, they are welcome to implement advice and recommendations, in whole or in part, via the financial services provider(s) of their choice. Certain clients may engage in client-directed transactions (investing on their own) and in such cases, the Adviser will not provide investment suitability and/or due diligence reviews or ongoing management services for these types of investments unless specifically agreed in writing. In the event the Adviser agrees to complete a client-directed transaction (as requested by a client), it will do so *only* as a value-added service for the client.

#### **D. WRAP FEE PROGRAMS**

Haverdink Financial Management does not participate in recommending wrap fee programs nor does the Adviser sponsor or act as a manager of a wrap fee program.

#### **E. AMOUNTS OF ASSETS UNDER MANAGEMENT**

Haverdink Financial Management's assets under management as of the close of business on 12/31/2023, totaled \$171,296,000 in 472 limited discretionary accounts. The managed assets are owned by individual investors and those meeting the definition of high-net-worth investors.

### **ITEM 5: FEES AND COMPENSATION**

#### **A. FEE SCHEDULES**

Haverdink Financial Management is only compensated for advisory services in the following manner: A percentage of assets under management, hourly fees, and project-based fees (which are dependent upon the nature and scope of the engagement and advisory billings are based upon the number of project hours, using the Adviser's hourly rate as a guide). The Adviser does not accept commissions or any other fees in connection with its investment advisory services.

1. Advisory fees for **Investment Management Services** are agreed upon at the time of engagement and are based on a number of factors. Unless otherwise agreed in writing, Investment Management fees are payable quarterly in arrears and based upon the market value of the portfolio, as determined by the client's custodian, on the last market day of each of the preceding three calendar months.

Each billable month's advisory fee is calculated separately, and the total is billed quarterly. Therefore, the Adviser multiplies each month-end market value figure by 1/12 of the Adviser's annual fee. The sums calculated for each of the three months are then added together and invoiced at the end of each quarter.

The client's custodian sets the portfolio's market value. In the event the Adviser agrees (in writing) to manage securities that do not have a readily available market value, the Adviser and Client agree to seek at least two independent resources for valuation services.

Where services are initiated at any time other than the beginning of a calendar quarter, the advisory fee for that quarter will be pro-rated.

Fees for Investment Management Services are invoiced at an annual rate of .5% - 1.2%, Fees are determined at engagement.

The Adviser's fee may be based upon the nature of the engagement, scope and/or complexity of services and/or portfolio, time to be incurred, pre-existing relationships, or other special situations, and at the Adviser's discretion. The Adviser's fee may be higher or lower than may otherwise be available through other types of investment management firms for similar services.

During the engagement, Investment Management fees may be modified in certain circumstances due to significant changes in the scope of the engagement, nature and/or complexity of services. The Adviser reserves the right to modify the management fee with 30 days' written notice such as when the scope of the engagement or complexity of services has changed. Should the client decide not to accept the fee adjustment, the client is welcome to terminate services at any time.

In the event that Investment Management clients desire services outside the scope of the Adviser's engagement, Haverdink Financial Management is available to provide additional services at the Adviser's hourly consultation rate of \$150. The hourly rate would be agreed to at the time of the request for additional services and will be dependent upon the nature and complexity of the services desired. Administrative-only support services provided by the Adviser are invoiced at a rate of \$75 hourly. Haverdink Financial Management will not engage in services resulting in additional fees without the expressed authorization of the client.

**2. Fees for Financial Planning Services** are determined at the time of engagement based upon the time and effort required and/or the nature and complexity of services.

Haverdink Financial Management's hourly fee is \$150; however, the Adviser may modify the fee based on unique individual situations or complexity of services. The Adviser's fee is billed to the next one-half hour. Administrative support services are computed at the hourly rate of \$75. In the alternative, the Adviser may propose a project fee based on time, effort, scope and complexity of services. The Adviser will use its hourly rate as the guide for project-based services.

Financial Planning Services are generally payable at the conclusion of services. However, for new clients or larger projects, a retainer equal to one-half of the proposed project fee may be required at the time of engagement with the balance due at the conclusion of services.

Should the client's condition change during the course of services such that new advice, recommendations, re-evaluation or research are required, additional fees may apply. The Adviser will not engage in additional services that result in fees without the client's approval. In such cases, the Adviser may also require an amended Client Agreement.

**3. Fees for Consultation Services** are determined at the time of engagement based upon the time and effort required and/or the nature and complexity of services.

Haverdink Financial Management's hourly fee is \$150; however, the Adviser may modify the fee based on unique individual situations or complexity of services. The Adviser's fee is billed to the next one-half hour. Administrative support services are computed at the hourly rate of \$75. In the alternative, the Adviser may propose a project fee based on time, effort, scope, and complexity of services. The Adviser will use its hourly rate as the guide for project-based services.

Financial Planning Services are generally payable at the conclusion of services. However, for new clients or larger projects, a retainer equal to one-half of the proposed project fee may be required at the time of engagement with the balance due at the conclusion of services.

Should the client's condition change during the course of services such that new advice, recommendations, re-evaluation or research are required, additional fees may apply. The Adviser will not engage in additional services that result in fees without the client's approval.

4. The Adviser's **General Education Seminars and Workshops** may be complimentary. From time to time, the Adviser may charge a fee for Educational Workshops or Seminars, depending upon the nature of services, complexity of content, materials provided, location, or at the discretion of the Adviser. All fees and the Adviser's cancellation policy (as well as refund policy, if applicable) will be clearly noted in the offering document or invitation.

## **B. PAYMENT OF FEES**

1. Unless otherwise agreed in writing, **Investment Management fees** are payable quarterly in arrears as outlined on page 12 of this Brochure. Payment of Investment Management fees may be made directly to the Adviser or through a debit directly to the client's account by the qualified custodian holding the client's funds and securities. The Adviser follows the following criteria when payment is made via a qualified custodian as required by the SEC's Investment Advisers Act of 1940, as amended:

1) The client provides written authorization permitting the fees to be paid directly from the client's account held by the independent qualified custodian and the authorization is limited to withdrawing contractually agreed upon Investment Adviser fees; (2) The client will directly receive regular (monthly or quarterly) reports directly from the qualified custodian which reflect the Adviser's fee deduction; (3) The frequency of fee withdrawal shall be specified in the written authorization/agreement; (4) The custodian of the account shall be advised in writing of the limitation on the Adviser's access to the account and; (5) The client shall be able to terminate the written billing authorization or agreement at any time.

If the designated account(s) do not contain sufficient funds to pay advisory fees, the client can leave standing orders to deduct fees via other accounts. In the absence of alternate instructions, the Adviser will issue an invoice for advisory fees to the client and payment is expected within 10 days of the invoice date.

It is important to note that custodial firms do not verify advisory fees. Therefore, clients should review their custodial statements carefully. If a client should have any questions or concerns in connection with an advisory fee deduction, they should promptly contact

## Haverdink Financial Management.

If at any time during the engagement, the client fails to directly receive the regular statements produced by the custodian, it is important for the client to promptly notify Haverdink Financial Management and the custodial firm. If our client(s) should move, it is vitally important to promptly notify the Adviser and the custodial firm of the new contact information.

**2 & 3. Consultation and Financial Planning** fees are invoiced directly. Services are normally payable at the conclusion of services. However, as outlined on Page 12 of this Brochure, Haverdink Financial Management may require a retainer equal to ½ the proposed project fee in order to schedule services. In these cases, the project balance is due upon the delivery of services. The Adviser will not collect fees in excess of \$500 for services to be performed more than six months in advance.

Should the client's condition change during the course of services such that new advice, recommendations or research are required, additional fees may apply. The Adviser will not engage in additional services that result in fees without the client's approval. In such cases, the Adviser may also require an amended Client Agreement.

**4. General Education Workshops and/or Seminars** may be complimentary. From time to time, the Adviser may charge a fee for Educational Workshops or Seminars, depending upon the nature of services, complexity of content, materials provided, location, or at the discretion of the Adviser. These fees would be payable directly to the Adviser in order to schedule the event or participate in the event and will be clearly noted in the offering document or invitation along with the Adviser's cancellation policy and refund policy (if applicable).

## C. FEES ASSOCIATED WITH INVESTING

Clients are responsible for the payment of all third-party fees associated with investing. Clients may pay transaction and brokerage commission to their broker/dealer or other service providers ("*Financial Institution[s]*") as well as any fees associated with their particular accounts (e.g., account opening, maintenance, transfer, termination, wire transfer, retirement plan, trust fees, and all such applicable third-party fees, deferred sales charges, oddlot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. All fees paid to the Adviser for advisory services are separate from the fees and expenses charged to shareholders of ETF's or mutual fund shares offered by mutual fund companies. If a mutual fund previously purchased by or selected by a client should impose a sales charge, a client may pay an initial or deferred sales charge. Haverdink Financial Management does not receive any portion of these investment-related fees. Such charges, fees and commissions are exclusive of and in addition to the Adviser's fees. A complete explanation of the expenses charged by a mutual fund or ETF is contained in the respective mutual fund prospectus. Clients are encouraged to read each prospectus and securities offering documents.

#### **D. PREPAYMENT OF FEES**

Haverdink Financial Management may require a pre-paid retainer for Financial Planning and/or Consultation Services as described in this section.

Haverdink Financial Management collects Investment Management fees quarterly and in arrears.

Prospective clients who do not receive the Adviser's Form ADV Part 2A and 2B Brochures at least 48 hours prior to engagement have the right to terminate the Adviser's services within 5 business days of signature without penalty (no fees due or prepaid fees will be promptly refunded). Alternatively:

Investment Management services may be immediately terminated upon receipt of written notice by either party. If the termination occurs prior to the end of a billing period, the Adviser will only charge for services provided up until the effective date of termination. The Adviser reserves the right to liquidate the portfolio upon termination unless specific instructions are provided.

Financial Planning or Consultation Services terminate upon the delivery of services unless ongoing services are engaged pursuant to the Client Agreement. These services otherwise may be immediately terminated prior to the conclusion of services upon written notice from either party and the client will only be invoiced for time incurred by the Adviser up until the effective date of termination or prepaid but unearned fees will be promptly refunded.

#### **E. OTHER COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS TO CLIENTS**

Haverdink Financial Management is a *fee-only* Registered Investment Adviser. Neither Haverdink Financial Management nor its supervised persons accept any compensation/commission for the recommendation of securities or non-securities products including asset-based sales charges or service fees from the sale of mutual funds. From time to time, the Adviser may review general risk-management issues upon request. Neither the Adviser nor its supervised persons are insurance licensed. The Adviser will not undertake a review or provide recommendations on issues relating to property and/or casualty insurance. Since insurance may be important to clients, they should seek the services of a licensed property and casualty firm of their choice for assistance.

### **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Haverdink Financial Management's fees associated with services are not "performance based" (based upon a share of capital gains or capital appreciation, or performance, for any portion of funds under an advisory contract). Therefore, the Adviser does not engage in side-by-side management services (performance-based services vs. non-performance-based services).



## **ITEM 7: TYPES OF CLIENTS AND MINIMUM CONDITIONS**

The Adviser's services are primarily available to individuals; pension and profit sharing plans; trusts, estates and charitable organizations; corporations or other business entities. At this writing, the Adviser's primary clients are individuals and high net worth individuals.

If an account is subject to the Employee Retirement Income Security Act of 1974, as amended, ("*ERISA*"), the Adviser acknowledges that Adviser is a fiduciary within the meaning of the Act and the ERISA Client is a named fiduciary with respect to the control or management of the assets in the Account. In each instance, the Client will agree to obtain and maintain a bond satisfying the requirements of Section 412 of ERISA and to include the Adviser and the Adviser's principals, agents, and employees under those insured under that bond and will deliver to the Adviser a copy of the governing plan documents. If the Account assets for which the Adviser provides services represent only a portion of the assets of an employee benefit plan, Client will remain responsible for determining an appropriate overall diversification policy for the assets of such plan.

The Adviser generally requires a minimum relationship size of \$100,000. The minimum relationship size may be negotiable, based upon individual circumstances, pre-existing relationships, future earnings, or investment capacity, or at the discretion of the Adviser.

The Adviser reserves the right to decline to provide investment advisory services to any person or firm in its sole discretion and for any reason.

## **ITEM 8: METHOD OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **A. METHODS OF ANALYSIS AND INVESTMENT STRATEGIES**

The Adviser believes each client presents a unique set of goals, values, interests, objectives, time horizons and challenges. Haverdink Financial Management provides individualized attention to each type of investor who engages the Adviser for services.

Based upon information provided by the client, the Adviser attempts to evaluate an investor's risk tolerance, time horizon, goals and objectives through an interview and data-gathering process in an effort to determine an investment plan or portfolio to best fit the investor's profile. Client participation and the client's delivery of accurate and complete information are critical to the Adviser's process. In performing its services, the Adviser shall not be required to verify any information received from the client or from the client's other professionals (e.g., attorney, accountant, etc.) and is expressly authorized to rely on such information.

The Adviser may recommend the services of itself, its Adviser Representatives in their individual capacities as investment managers, and other entities to implement its recommendations (such as brokerage and custodial firms). Any professional referrals

(i.e., insurance agents/firms, accounting professionals, legal professionals, etc.) are *solely* a courtesy and the Adviser receives no direct or indirect compensation as a result of referrals. Clients are welcome but are never under any obligation to act upon any of the recommendations made by the Adviser or to engage the services of any such recommended service firm or professional including the Adviser itself.

The Adviser provides individualized Investment Management Services to its clients. The Adviser can provide advisory services for portfolios ranging from conservative to aggressive, each designed to meet the varying needs of and within the direction set forth by the investors. The Adviser selects the portfolio best suited to their individual needs after clients have defined their objectives, risk tolerance and time horizons and the selection is approved by the client.

**1. Fundamental Analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages. Fundamental analysis is about using real data to evaluate a security's value. Although most analysts use fundamental analysis to value stocks, this method of valuation can be used for just about any type of security.

For example, an investor can perform fundamental analysis on a bond's value by looking at economic factors, such as interest rates and the overall state of the economy, and information about the bond issuer, such as potential changes in credit ratings. For assessing stocks, this method uses revenues, earnings, future growth, return on equity, profit margins and other data to determine a company's underlying value and potential for future growth. In terms of stocks, fundamental analysis focuses on the financial statements of the company being evaluated.

Very broadly described, this type of analysis involves a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other qualitative and quantitative factors. Fundamental analysts attempt to study everything that can affect the security's value, including macroeconomic factors (like the overall economy and industry conditions) and company-specific factors (like financial condition and management).

The end goal of performing fundamental analysis is to produce a value that an investor can utilize to help compare with the security's current price, with the aim of figuring out what sort of position to take with that security (underpriced = buy, overpriced = sell or short).

Fundamental analysis is performed on historical and present data, but with the goal of making financial forecasts. There are several possible objectives:

- to conduct a company stock valuation and try to predict its probable price evolution,
- to make a projection on its business performance,
- to evaluate its management and internal business decisions,
- to calculate its credit risk based upon factors known.

Fundamental analysis is not without its drawbacks and problems. For one, this method can be tedious and time consuming. Once a trend in the fundamentals of the company is established, normally, the future growth will be extrapolated using that trend. The extrapolation is a subjective exercise and should be cautiously assessed. As an example, the trend may still be up but the market may already be saturated and thus

there is a higher chance of the trend flattening rather than continuing upward. Extrapolation may not always work and may result in a wrong call. Additionally, fundamental analysis involves a time delay as the financial data the analyst is reviewing is always from the previous year or previous quarter. Additionally, even if a fundamentally strong company at the right price is identified, it does not mean that the company's shares are going to move anytime soon. Therefore, some holdings may need to be held for quite some time.

The stock's position in the market is also driven by investor sentiment, which can sometimes swing in extremes. As a result, stock prices of companies can reach extremely overvalued levels or extremely undervalued levels. When the share price becomes overvalued, a fundamental analyst will stay out or they will exit too early. As the share price reaches extremely overvalued levels, the fundamental analyst might miss out the biggest gain in the share price. This type of analyst may also buy when the price drops within a value range and yet the stock price could head lower still well into oversold regions before recovering.

As with any data produced by a third party, there is always the possibility that the company's data has been manipulated. Enron is a good historical example. It does happen, and it can be very difficult to detect. Thus, an analyst is limited by the information that is published.

**2. Other.** Haverdink Financial Management's investment strategies may be based upon a number of concepts and determined by the type of investor. Services are customized for each individual client.

The basis for Haverdink Financial Management's investment recommendations is the Nobel Prize winning investment strategy called "Modern Portfolio Theory (*MPT*)". *MPT* is a sophisticated investment decision approach that permits an investor to classify, estimate and control both the kind and the amount of expect risk and return. Fundamental to *MPT* is the ability to statistically quantify the relationship between risk and return, thus determining the extent of compensated risk.

Haverdink Financial Management believes that risk reduction is a key element to long-term investment success therefore Haverdink Financial Management implements plans by using strategic diversified asset allocation. Strategic Asset Allocation is a lifetime investment approach, wherein selected asset classes and the weightings of these asset classes focus on the overall investment objective and risk tolerance of the client.

The concept of asset allocation or spreading investments among a number of asset classes (domestic equities v. foreign equities; large cap stocks v. small cap stocks; growth stocks v. value stocks; municipal bonds v. corporate bonds v. government bonds) is Haverdink Financial Management's guiding strategy.

Negative asset class correlation (the measure of the degree of movement between investments) of the varying asset classes within the portfolio is carefully analyzed to help reduce volatility without sacrificing the effectiveness of the portfolio in an effort to achieve expected yields.

Strategic Asset Allocation is a relatively passive investment style, wherein the assets and weightings are set and remain relatively unchanged. This strategy places a great emphasis on minimizing portfolio turnover and trading/transaction costs.

It is important that investors and their Advisers match their portfolio design with the client's stated appropriate risk profile. Beyond that, risk, and one's willingness to assume more or less risk should be modified as the client grows older and/or client circumstances change.

MPT is not without its critics, but the theory has been in existence for more than sixty years. MPT assumes that investors are always rational and risk-averse, which may not always be the case. Additionally, MPT investing assumes access to the same information at the same time, which is not correct. Even professionals can experience times when investment-related data is not disseminated in a timely and accurate manner. As once outlined in a *Dalbar* publication (a trade journal primarily read by the investment community) MPT cannot be reduced to a sort of mathematical model or relied upon as a sole basis for investment decisions. It can, however, serve as a reference point for modeling the potential of an investment portfolio. Thus, MPT adds a singular dimension within a more comprehensive investment management process.

Of course, no single theory or strategy can guarantee success. Recommendations for or purchases of investments will be based on publicly available reports and analysis. In the case of mutual funds, recommendations will be based on reports and analysis of performance and managers, and certain computerized models for asset allocation and investment timing. Tactical asset allocation (market timing, stock selection and track record investment) is greatly discouraged.

Depending upon the interests and direction desired by the client, the Adviser may follow the following steps in the delivery of Investment Management Services:

**#1-Analyze the Current Situation:** This initial step involves a review of a client's financial goals, risk tolerance and investment objectives. The Adviser will also analyze the client's prepared investment policy statement, current implemented or desired investment strategy and policies, and review the reasons for the client's current investment decisions (if applicable, such as with portfolio transfers to the Adviser's management).

**#2-Design an Optimal Portfolio:** After compiling all the information provided by the client, the Adviser will review and make suggested recommendations. Therefore, the Adviser will assist the client in developing an asset allocation strategy that is consistent with the client's stated investment goals and objectives.

**#3-Investment Policy Statements:** Based on the decision made in the above steps, we may formalize a client's investment policy that details the client's investment objectives, investment guidelines, expectations, risk tolerance, and other aspects of a client's investment strategy that may be identified.

**#4-Selection of Investment Vehicles-Implementation of Policy:** The Adviser is available to assist clients in understanding investment styles, strategies, and provide them with information on various appropriate investment options available to them. The Adviser may recommend specific mutual funds and in certain cases, individual securities, if they are deemed to be the most appropriate vehicle.

**#5-Review and Rebalance:** The Adviser will undertake internal portfolio reviews on at least a quarterly basis. Haverdink Financial Management continues to be available to

conference with the client at the client's request. The Adviser requests that clients meet at least annually to discuss the portfolio and the client's condition in an effort to update any strategies, if needed. Portfolio rebalancing, if needed, will be determined by the client's investment policy along with their current objectives. Quarterly, the Adviser will review the performance, style and other aspects of the client's investment, and make recommendations if deemed necessary. It is important that the client promptly notifies the Adviser of any change in the client's financial condition so the Adviser has the opportunity to assess any possible changes needed in the advice, recommendations or investment strategies. Changing conditions in the client's financial life or significant changes in market conditions may warrant a collaborative effort with the client to modify their strategic investment framework, which consequently may also trigger changes to investment holdings within the portfolio.

Haverdink Financial Management attempts to be conscious of tax-related investment considerations. However, Haverdink Financial Management is not a tax professional. Clients are encouraged to seek the guidance of their tax professional in an effort to understand how their investments (proposed or implemented) will affect their overall tax situation.

Portfolio holdings or recommendations are generally judged by (managers' or investments') experience, track record and performance of like-kind investments. The Adviser will actively manage each portfolio. Investors should expect to remain fully invested within the ranges of their selected asset allocation plan at all times unless restated by the client. The Adviser generally looks to the long-term when developing advice and recommendations based upon information provided by the client.

Portfolio additions may be in cash or securities provided that the Adviser reserves the right to liquidate any transferred securities or decline to accept particular securities into the client's account. The Adviser may consult with its clients about the options and ramifications of transferring securities. However, clients should understand that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charge) and/or tax ramifications.

*It is important to understand that investing in securities involves a risk of loss that a client should be prepared to bear.*

## **B. MATERIAL RISKS INVOLVED**

Haverdink Financial Management takes the general position that investors with diverse portfolios have a better chance of making a profit because it is difficult to accurately predict the movement of the economy.

Haverdink Financial Management generally utilizes long-term trading and short-term trading. Margin transactions may be utilized when the need is determined.

Obviously, no single strategy can be relied upon to outperform the market. As outlined below, Haverdink Financial Management's goal in its analysis is not to time the market.

Haverdink Financial Management seeks to utilize investment strategies that are designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes. Short sales, margin transactions and options writing

generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies.

Clients may make additions to and withdrawals from the account at any time, subject to the Adviser's right to terminate an account. Clients may withdraw account assets on notice to the Adviser, subject to the usual and customary securities settlement procedures. The Adviser generally designs its client portfolios as long-term investments and assets withdrawals may impair the achievement of a client's investment objectives. As noted in the preceding section, additions may be in cash, cash equivalents and securities provided that the Adviser reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. The Adviser may consult with its clients about the options and ramifications of transferring securities when provided pre-notification of the client's intentions. In such cases, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (*i.e.*, contingent deferred sales charge) and/or tax ramifications.

Clients may choose to make self-directed securities transactions, which are investments that are not reviewed and/or not recommended by the Adviser. In such cases, the Adviser has not passed on the suitability of said investments and while the Adviser may assist with client-directed implementation as a value-added service at the client's request, the Adviser will not manage these types of investments unless agreed in writing.

*It is important to understand that investing in securities involves a risk of loss that a client should be prepared to bear.*

### **C. RISKS OF SPECIFIC SECURITIES UTILIZED**

Haverdink Financial Management generally seeks investment strategies that do not involve significant risk or unusual risk beyond that of the general domestic and / or international equity markets. Investments in individual stocks can be risky. Some risks can be controlled, and some risks can be guarded against but no investment strategy can carry guarantees from loss. Certain market risks cannot be controlled, such as market or economic conditions. Certain strategies may be employed to adjust portfolios, or the Adviser and client may agree to hold the portfolio's course. Haverdink Financial Management designs portfolio strategies for the long-term, unless otherwise specifically requested in writing. Therefore, the Adviser does not attempt to time the market.

Thoughtful investment selections that meet a client's stated goals and risk profile may help keep individual stock and bond risks at an acceptable level.

Investments in mutual funds may bear a risk of investment loss. Clients who invest should also be prepared to bear a loss of investment proceeds.

Fixed income investments generally are utilized as a portfolio diversification element as well as for income deriving investments outside of equity exposure.

There are certain risks involved in investing in all types of bonds: Government, Municipal, and Corporate. The following is an overview of the types of risks that one should consider in terms of bond investments:

Interest rate risk; reinvestment risk; inflation risk; mark risk, selection risk, timing risk, and price risk. Additional risks for some government agency, corporate and municipal bonds may include: Legislative risk (a change in the tax code could affect the value of taxable or tax-exempt interest income); Call risk (some corporate, municipal and agency bonds have a "call provision" entitling their issuers to redeem them at a specified price on a date prior to maturity. Declining interest rates may accelerate the redemption of a callable bond, causing an investor's principal to be returned sooner than expected. In that scenario, investors have to reinvest the principal at the lower interest rates.

If the bond is called at or close to par value, as is usually the case, investors who paid a premium for their bond also risk a loss of 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. In addition, there may be a liquidity risk involved if investors may have difficulty finding a buyer when they want to sell and may be forced to sell at a significant discount to market value. Liquidity risk is greater for thinly traded securities such as lower-rated bonds, bonds that were part of a small issue, bonds that have recently had their credit rating downgraded or bonds sold by an infrequent issuer. Bonds are generally the most liquid during the period right after issuance when the typical bond has the highest trading volume.

Additional risks for corporate and municipal bonds may include: Credit risk; default risk; event risk and duration risk.

*Past performance is not a guarantee of future returns. Investing in securities involves A risk of loss that all clients should be prepared to bear.*

## **ITEM 9: DISCIPLINARY INFORMATION**

The Adviser's record does not reflect the existence of any data that would be material to a client's or prospective client's evaluation of Haverdink Financial Management or the integrity of its management.

Haverdink Financial Management has not been involved in any legal or disciplinary events and has not been involved in any investment-related arbitrations. The Adviser has not been involved in any criminal or civil actions; administrative proceedings before the SEC or any other federal, state or foreign regulatory authority. Haverdink Financial Management has not been involved in any self-regulatory organization proceedings. The Adviser has not ever had its registration suspended or revoked. Information pertaining to the officer(s) and Adviser Representative(s) of Haverdink Financial Management are contained on ADV Part 2B which is attached to this section.

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

### **A. REGISTRATION AS A BROKER/DEALER OR BROKER/DEALER REPRESENTATIVE**

Neither Haverdink Financial Management nor its representatives are registered as a

broker/dealer or as Representatives of a broker/dealer and no such registrations are pending.

**B. REGISTRATION AS A FUTURES COMMISSION MERCHANT, COMMODITY POOL OPERATOR OR A COMMODITY TRADING ADVISER**

Neither Haverdink Financial Management nor its representatives are registered as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Adviser and no such registrations are pending.

**C. REGISTRATION RELATIONSHIPS MATERIAL TO THIS ADVISORY BUSINESS AND CONFLICTS OF INTEREST**

Neither Haverdink Financial Management nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest.

Haverdink Financial Management does not operate and does not have a material relationship with a hedge fund or other type of private pooled investment vehicle. Additionally, the Adviser does not maintain registration relations with any of the following:

- broker-dealer, municipal securities dealer, or government securities dealer or broker
- investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
- other investment adviser or financial planner
- futures commission merchant, commodity pool operator, or commodity trading adviser
- banking or thrift institution
- accountant or accounting firm
- lawyer or law firm
- insurance company or agency
- pension consultant
- real estate broker or dealer
- sponsor or syndicator of limited partnerships

**D. SELECTION OF OTHER ADVISORS OR MANAGERS AND HOW THIS ADVISER IS COMPENSATED FOR THOSE SELECTIONS**

Haverdink Financial Management does not utilize nor select other advisers or third-party managers. assets are managed by Haverdink Financial Management.



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

### **A. CODE OF ETHICS**

Haverdink Financial Management takes the issue of regulatory compliance seriously and is committed to maintain compliance with federal and applicable state securities laws. Additionally, Haverdink Financial Management has a position of public trust and it is our goal to maintain that trust; provide excellent service, good investment performance; and advice that is suitable.

Haverdink Financial Management places great value on ethical conduct. Therefore, the ultimate goal of our internal policies is to challenge our staff to live up not only to the letter of the law, but also to the ideals set forth by the Adviser.

Clients may be familiar with the roles fiduciaries play in various legal situations and in certain industries. As a Registered Investment Adviser, Haverdink Financial Management is a fiduciary to each and every client.

As fiduciaries, Investment Advisors owe their clients several specific duties. According to the SEC, an Investment Adviser's fiduciary duties include:

- ❖ Providing advice that is suitable
- ❖ Providing full disclosure of material facts and potential conflicts of interest (such that the client has complete and honest disclosure in order to make an informed decision about services of the Adviser and about investment recommendations)
- ❖ The utmost and exclusive loyalty and good faith
- ❖ Best execution of transactions under the available circumstances
- ❖ The Adviser's reasonable care to avoid ever misleading clients
- ❖ Only acting in the best interests of clients.

It is Haverdink Financial Management's policy to protect the interests of each of the Adviser's clients and to place the clients' interests first and foremost in each and every situation. Haverdink Financial Management will abide by honest and ethical business practices to include, but is not limited to:

- ❖ The Adviser will not induce trading in a client's account that is excessive in size or frequency in view of the financial resources and character of the account.
- ❖ The Adviser will make investment decisions with reasonable grounds to believe that the decisions are suitable for the client on the basis of information furnished by the client, and we will document suitability.

- ❖ The Adviser and Adviser Representatives will not borrow money from clients.
- ❖ Haverdink Financial Management will not recommend the purchase of a security without the reasonable belief that the security is registered, or the security or transaction is exempt from registration in states where we provide investment advice and based upon information the Adviser receives.
- ❖ The Adviser will not recommend that the client place an order to purchase or sell a security through a broker/dealer or agent or otherwise engage the services of a broker/dealer that is not licensed, based upon information available to the Adviser.
- ❖ The staff of the Adviser will report all required personal securities transactions to Kevin Haverdink, the Chief Compliance Officer of Haverdink Financial Management as required by the SEC. Reportable trades for this Adviser include *all but the following exceptions*:
  - Transactions effected pursuant to an automatic investment plan
  - Securities held in accounts over which the access person has no direct or indirect influence or control
  - Transactions and holdings in direct obligations of the Government of the United States
  - Money market instruments — bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments
  - Shares of money market funds
  - Transactions and holdings in shares of mutual funds are not reportable, since the Adviser does not have a material relationship with an investment company which would otherwise require reporting
  - Transactions in units of a unit investment trust are not reportable if the unit investment trust is invested exclusively in unaffiliated mutual funds.

All applicable securities rules and regulations will be strictly enforced. Haverdink Financial Management will not permit and has instituted controls against insider trading.

The Adviser emphasizes the unrestricted right of clients to decline to implement any advice rendered, in whole or part. Where the Adviser is granted discretionary authority of the client's accounts, clients are welcome to set investment parameters and/or limitations in writing and such direction is followed until such time the client's instructions are amended in writing.

Investment adviser representatives and administrative personnel who do not follow the Adviser's Code of Ethics or who in any way violate securities rules and regulations, or who fail to report known or suspected violations will be disciplined or terminated, depending upon severity. Such persons could also face action by the SEC and/or state securities regulators.

Clients are welcome to request a copy of the Adviser's Code of Ethics by contacting the Adviser's office.

## **B. RECOMMENDATIONS INVOLVING MATERIAL FINANCIAL INTERESTS**

Haverdink Financial Management does not recommend that clients buy or sell any security in which any of Haverdink Financial Management's related persons have a material financial interest.

## **C. INVESTING PERSONAL MONIES IN THE SAME SECURITIES AS CLIENTS**

Haverdink Financial Management and/or individuals associated with Haverdink Financial Management may have similar investment goals and objectives and as a result may buy or sell securities for their personal accounts that may be identical to or different from those recommended to clients. Thus, at times the interests of the Adviser's or staff members' accounts may coincide with the interests of clients' accounts. However, at no time will the Adviser or any related person receive an added benefit or advantage over clients with respect to these transactions nor will the Adviser nor its associated persons will not place itself in a position to have added benefit as a result of advice given to clients.

## **D. TRADING SECURITIES AT / AROUND THE SAME TIME AS CLIENTS**

Haverdink Financial Management its Adviser Representatives acknowledge the Adviser's fiduciary responsibility to place the investment needs of clients ahead of the Adviser and its staff. The interests of clients are held in the highest regard. At no time will the Adviser or any related person receive an added benefit or advantage over clients with respect to these transactions. The Adviser and its associated persons will not place itself in a position to have added benefit as a result of advice given to clients.

The staff of Haverdink Financial Management shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry.

The Adviser has established trading policies for its access persons. Kevin Haverdink, the Chief Compliance Officer of Haverdink Financial Management, is responsible for the monitoring of personal trading conducted by staff.

# **ITEM 12: BROKERAGE PRACTICES**

## **A. FACTORS USED TO SELECT CUSTODIANS AND/OR BROKER/DEALERS**

Financial Planning and Consultation clients are welcome to implement recommendations, in whole or in part, through the financial services firms of their choice.

Haverdink Financial Management is a fee-only investment advisory firm. The Adviser recommends Charles Schwab & Co., Inc. ("*Charles Schwab & Co.*") for its advisory transactions and participates in the custodial firms' institutional programs for independent advisers. Transamerica may be recommended for no-load annuity

products.

Clients are welcome to direct Haverdink Financial Management to work through other custodial firms of their choice and such client-directed brokerage will be made in writing. If the client elects to utilize directed brokerage, the Adviser cannot guarantee best execution because of the limitations that may be placed on the Adviser by the client's service provider and because the Adviser does not have a business relationship with the client's service provider. Haverdink Financial Management will continue to use the client's preferred service provider until the client directs otherwise in writing.

The recommendation of Charles Schwab & Co. to clients is based on excellent client services, discount rates, product offerings, execution services, and services available to the Adviser. Haverdink Financial Management recognizes its duty to best execution for its clients under the available circumstances. While it is possible that clients may pay higher fees through the preferred service provider, the Adviser has determined that the firm currently offers the best overall value to the Adviser and its clients for the brokerage and technology services provided. The Adviser considers the following criteria:

- ❖ Quality of overall execution services provided
- ❖ Execution and operational capabilities
- ❖ Creditworthiness, financial condition
- ❖ Research (if any) provided
- ❖ Promptness and accuracy of reports on execution
- ❖ Ability and willingness to correct errors
- ❖ Promptness and accuracy of confirmation statements
- ❖ Ability to access various market centers
- ❖ The broker-dealer's facilities and technology
- ❖ The market where the security trades;
- ❖ Any expertise in executing trades for the particular type of security
- ❖ Commission charged
- ❖ Reliability of the broker-dealer
- ❖ Ability to use ECNs to gain liquidity, price improvement, lower commission rates and anonymity
- ❖ Reputation of the broker-dealer

Charles Schwab & Co., Inc. is a large and sophisticated order sender. The firm's execution disclosure advises that it monitors execution quality through a "regular and rigorous review" of the execution quality received from the venues used to route equity and option orders. Additionally, the firm indicates in their best execution policies that it continually monitors alternative venues to identify opportunities for improving execution quality. Among the factors the considered include: The amount of net price mprovement, speed of execution, certainty of execution, cost of execution, service issues, reliability, credit worthiness of counterparties, and accessibility. Generally, the larger service providers compare the reported executions and unexecuted orders to the National Best Bids and Offers (NBBO's) at the time of order entry and identify a subset of items that require review.

Charles Schwab utilizes proprietary software, which is an intelligent order routing system which is designed to route most NASDAQ market or marketable limit orders quickly and seek the best available trade execution. The firm also offers Direct Access trading technology, which provides for the ability to target the price desired want by routing orders

directly to the selected ECN or NASDAQ market maker. Further, Schwab will match any broker's guarantee, no matter how fast.

The Adviser anticipates that updated execution information is provided by the service provider on request or is available via the Internet for review. Additional factors considered include: The amount of net price improvement, speed of execution, certainty of execution, cost of execution, service issues, reliability, credit worthiness of counterparties, and accessibility.

Market volatility, volume and system availability may delay account access and trade executions. Price can change quickly in fast market conditions, resulting in an execution price different from the quote displayed at order entry. Execution price, speed and liquidity and account access are affected by many factors, including market volatility, size and type of order and available market centers.

The SEC requires brokerage firms to make publicly available their order routing practices via quarterly reports. The report is to provide information on routing non-directed orders (any order that the customer or Adviser has not specifically instructed to be routed to a particular venue for execution). For non-directed orders, the service providers will select the venue. Note: Brokerage firms are required to disclose any material arrangements with the venues utilized, including but not limited to any intermediation or payments for order flow arrangements. Clients are welcome to obtain copies of these reports if desired.

Advisory clients should also evaluate Charles Schwab & Co. or any other service provider before opening an account. Please reference important information in Item 1 below in connection with the Adviser's preferred service provider.

## **1. RESEARCH AND OTHER SOFT DOLLAR BENEFITS**

Haverdink Financial Management has *not* entered into any soft dollar agreements. Client commissions utilized to pay for brokerage and research often are referred to as "soft dollars." Section 28(e) of the Securities Exchange Act of 1934, as amended (15 U.S.C. § 78bb(e)), establishes a safe harbor for money managers who use client funds to purchase brokerage and research services for their managed accounts. Under Section 28(e), a money manager is protected from liability for a breach of fiduciary duty solely on the basis of having paid more than the lowest commission rate for "brokerage and research services provided by a broker-dealer," the manager determines in good faith that the amount of the commission is reasonable in relation to the value of such services.

Haverdink Financial Management participates in Charles Schwab & Co.'s institutional program for independent investment advisers. While there is no direct linkage between the investment advice given and the participation in a custodial firm's institutional program, economic benefits are received which would not be otherwise, if the Adviser did not give advice to clients.

Haverdink Financial Management does not use generated commissions to purchase soft dollar research but does receive brokerage services. In fulfilling its duties to its clients, the Adviser endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the Adviser's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence the Adviser's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems

support, back office administrative support or other services.

Haverdink Financial Management may receive the following benefits from Charles Schwab & Co., Inc.: Customized statements; receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk servicing investment advisory program participants exclusively; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; ability to have investment advisory fees deducted directly from client accounts; access (for a fee) to an electronic communication network for client order entry and account information; access to mutual funds which generally require significantly high minimum initial investments or those that are otherwise only generally available to institutional investors; reporting features; receipt of business and regulatory compliance communications; and access to discounts on business-related products. While the custodial firm does not directly provide the Adviser with research, it may make available to the Adviser various free or discounted research products or subscriptions. Any research received is used for the benefit of all clients.

The Adviser may also receive from its preferred custodial firm without cost to the Adviser, computer software and related systems support, which allow the Adviser to better monitor and process trades within the client accounts maintained at the firms. The Adviser may receive the software and related support without cost because the Adviser renders investment management services to clients that maintain assets at TD Ameritrade or Charles Schwab & Co. The software and related systems support may benefit the Adviser, but not its clients directly.

The value of products, research and services given if any, is negligible and not a material factor. Haverdink Financial Management takes the position that receipt of these business benefits is important and useful but does not impair the Adviser's independence.

## **2. BROKERAGE FOR CLIENT REFERRALS**

Haverdink Financial Management does not receive referrals from a broker/dealer or third party in exchange for using that broker/dealer or third party.

## **3. CLIENTS DIRECTING WHICH BROKER/DEALER/CUSTODIAN TO USE**

Financial Planning and Consultation clients are welcome to utilize any service provider they may choose and are welcome to implement any advice or recommendations in whole or in part.

Clients are welcome to utilize the service provider of their choice, and in such cases, will direct the Adviser to use their firm of choice (via written direction). If the client requests the Adviser to arrange for the execution of securities brokerage transactions for the client's account, the Adviser shall direct such transactions through their selected broker-dealer until alternative directions are provided in writing.

As disclosed in the Adviser's Client Agreement, the Adviser cannot guarantee best execution of transactions in these cases, due to limitations that may be imposed by the client's service provider either on the Adviser or in connection with transactions. In such cases, the client will negotiate terms and arrangements for the account with that broker-dealer, and the Adviser will not seek better execution services or prices from other

broker-dealers or be able to “batch” client transactions for execution through other broker-dealers with orders for other accounts managed by the Adviser (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, the Adviser may decline a client’s request to direct brokerage if, in the Adviser’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

## **B. AGGREGATION (BLOCK) TRADING FOR MULTIPLE CLIENT ACCOUNTS**

Transactions for each client generally will be effected independently, unless the Adviser decides to purchase or sell the same securities for several clients at approximately the same time. The Adviser may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among the Adviser’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Due to the individualized nature of services, large orders of securities are not always consistent with the nature of the Adviser’s services. Aggregation is undertaken in firms processing large orders of securities in order to realize more effective trade execution and the cost efficiencies that come from executing larger order sizes. In each case, the Adviser strives to allocate investment opportunities or trades among its clients in a manner that is fair and equitable and based upon the client investment objectives.

Normally, under this procedure, when allocations are undertaken, transactions will generally be averaged as to price and allocated according to the Adviser’s standard allocation procedure. This procedure considers the circumstances of each trade and always strives for fairness and cost-effectiveness to the client. In most cases when the Adviser executes only a partial fill of a targeted buy order, allocations will prioritize complete fills for clients with the most available cash as a percentage of portfolio assets. Likewise, when the Adviser executes only a partial fill of a targeted sell order, allocations will prioritize complete fills for clients with the least available cash as a percent of portfolio assets. To the extent that the Adviser determines to aggregate client orders for the purchase or sale of securities, including securities in which the Adviser’s Adviser Representatives may invest, the Adviser shall normally do so in accordance with applicable rules promulgated under the SEC’s Investment Advisers Act and no-action guidance provided by the staff of the SEC. An allocation statement will be prepared, and any special circumstances or conditions will be outlined in connection with each event. The Adviser shall not receive any additional compensation or remuneration as a result of the aggregation.

Certain issues may impact the Adviser’s allocation under the particular circumstances and in such cases, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed); (iv)

in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis. The Adviser receives no additional benefit as a result of the proposed aggregation.

The Adviser may utilize the custodian's prime broker program whereby the custodial firm may effect clients' over-the-counter securities transactions on an agency basis.

Typically, the service providers execute transactions based upon a number of factors. These factors include: Size of order, trading characteristics of the security, favorable execution prices, access to reliable data, availability of efficient transaction processing and possible price reductions. In filling these orders, the service provider may transact with a market-making broker-dealer ("market maker") on the other side of the trade. A market maker may mark-up/down the price of securities for which it makes a market, which is a cost that will be incurred by the client in addition to any agency commissions assessed by the client's service provider. Normally, best price and execution is obtained for over-the-counter securities transactions by executing directly with the market maker on a principal basis. Therefore, in some cases, clients may incur transaction costs, in addition to any commissions charged by their services provider, when trades in over-the-counter securities are effected on their behalf through that broker on an agency basis. The Adviser's choice to utilize the service provider's prime broker program or similarly termed service available through the selected service provider may limit or eliminate the Adviser's ability to obtain best price and execution in each case. In certain cases, a security may be purchased through another service provider and in such cases, the security purchased is then transferred to the client account at the client's selected custodian, and a "trade away" delivery fee is assessed to the client account.

Broker custody of client assets may limit or eliminate the Adviser's ability to obtain best price and execution of transactions in over-the counter securities.

**Trade error policy:** On rare occasions, trade errors may occur. The Adviser's process is to correct trade errors via its trade error accounts established with its preferred custodial firms.

Charles Schwab & Co.'s policy on trade errors is to reimburse clients for any loss if the amount is \$100 or less. If the loss is greater than \$100 the Adviser will reimburse the client for a loss. Conversely, if there is any gain from the trade error, Charles Schwab & Co. retains that gain, and it is a general policy to donate these error funds in accordance with their then current internal policy.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **A. FREQUENCY AND NATURE OF PERIODIC REVIEWS AND WHO CONDUCTS THE REVIEWS**

The **Investment Management Services** provided by Haverdink Financial Management are ongoing and involve continuous review and advice regarding the client's investment portfolio. The Adviser will conduct frequent internal reviews (no less than quarterly) of the client's portfolio. The timing of Internal portfolio reviews may also be guided by the underlying assets of the portfolio, individual circumstances as reasonably known by the Adviser, market conditions and the request of the client.



The Adviser requires that client reviews (via phone or in person) occur at least annually and, of course, at the client's request. However, Haverdink Financial Management encourages frequent communications with the Adviser in order to continually review ongoing investment strategies. Clients are encouraged to call the office any time during business hours. Clients are obligated to notify the Adviser immediately if there is a change in the client's financial situation in order to provide the Adviser with the opportunity to review the updated information and determine if there needs to be a change in the investment strategies.

Clients who do not desire intensive Investment Management Services may retain Haverdink Financial Management on an hourly or project basis for **Consultation Services or Financial Planning Services**, whereby the Adviser can provide financial or investment advice without ongoing monitoring or reviews of the account. Consultation and Financial Planning Services terminate upon the delivery of services. Advice provided during services may include recommendations for reviews or other follow-up services. It would be the client's responsibility to update his or her financial goals or investment strategies on his/her own or secure additional services from the Adviser under a new or amended Agreement.

#### **B. REVIEWERS**

Reviews are conducted by Kevin D. Haverdink, President and Chief Compliance Officer.

#### **C. FACTORS THAT MAY TRIGGER NON-PERIODIC REVIEWS OF ACCOUNTS**

The timing of Internal portfolio reviews may also be guided by the underlying assets of the portfolio, individual circumstances as reasonably known by the Adviser, market conditions and the request of the client. Reviews may also be triggered by material market, economic or political events. As noted in Item A above, reviews may also be triggered by reported changes in the client's financial situation (which may include but are not limited to: Termination of employment, physical relocation, inheritance or retirement).

#### **D. CONTENT AND FREQUENCY OF REGULAR REPORTS TO CLIENTS**

Clients can expect to receive confirmation statements from all transactions and a monthly/quarterly statement, directly from their custodial firm. The custodian's quarterly reports detail account value, net change, portfolio holdings, and all account activity. The Adviser may prepare additional portfolio data or post meeting communications at the Adviser's discretion.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

#### **A. ECONOMIC BENEFITS PROVIDED BY THIRD PARTIES FOR ADVICE RENDERED TO CLIENTS (INCLUDES SALES AWARDS OR OTHER PRIZES)**

Haverdink Financial Management does not receive any economic benefit, directly or indirectly from any third party in connection with advice rendered to Haverdink Financial

Management clients.

## **B. COMPENSATION TO NON-ADVISORY PERSONNEL FOR CLIENT REFERRALS**

Haverdink Financial Management does not directly or indirectly compensate any person who is not part of Haverdink Financial Management's advisory personnel for client referrals.

## **ITEM 15: CUSTODY**

Custody of clients' accounts is held at Charles Schwab & Co., Inc. and TD Ameritrade, Members FINRA/SIPC, or the client's selected custodial firm. Clients will receive regular and customary account statements from the custodian and should carefully review those statements. *Except for special situations as described in the next paragraph*, Haverdink Financial Management will not accept custody of client accounts (funds or securities) and only has access to clients' custodial accounts in order to: Facilitate trades and withdraw contractually agreed upon advisory fees which will occur only appropriate client consent. In all cases, clients have a direct and beneficial interest in their securities (individual ownership), rather than an undivided interest in a pool of securities. Execution of transactions and custody of client funds and securities are services provided by the client's selected brokerage/custodial services provider(s).

SOLAs: As part of the Adviser's efforts to provide premium service and convenience to clients, Haverdink Financial Management may be granted standing letters of authorization - or "SLOAs" - to enact money movements in and out of certain clients' accounts. As result, the Adviser is deemed to have custody of those particular client accounts. As of December 31, 2023, these services were being provided to 48 clients with accounts totaling \$29,636,484. Haverdink Financial Management complies with the safe harbor provisions in the SEC's No-Action Letter dated February 21, 2017 (*Investment Adviser Association*).

## **ITEM 16: INVESTMENT DISCRETION**

Clients engaging the Adviser for Investment Management Services have the ability to leave standing instructions with the Adviser to refrain from investing in particular industries, invest in limited amounts of securities and to re-balance portfolios (also termed as "limited discretion").

With the client's authorization as provided in the custodial account forms and the Adviser's Client Agreement, Haverdink Financial Management will maintain limited discretionary trading authority to execute securities transactions in the investor's portfolio within investor's designated investment objectives, to include the securities to be bought and sold, and the amount of securities to be bought and sold. Haverdink Financial Management will never have full power of attorney. The Adviser will not have authority to withdraw funds or to take custody of investor funds except in the following situations: 1) To deduct contractually agreed upon advisory fees via the client's qualified custodian with client authorization; and 2) as outlined in the preceding section in connection with SLOAs.

The Adviser also may render non-discretionary investment management services to its clients relative to: (1) variable life/annuity products that they may own, and/or (2) their

individual accounts held through employer-sponsored retirement plans. In so doing, the Adviser either directs or recommends the allocation of client assets among the various mutual fund subdivisions that comprise the variable life/annuity product or the retirement plan. The client assets shall be maintained at either the specific insurance company that issued the variable life/annuity product which is owned by the client, or at the custodian designated by the sponsor of the client's retirement plan. Investments and service providers relative to Plan offerings are limited to only those available through the respective Plans and are determined by the Plan Sponsor(s).

## **ITEM 17: VOTING CLIENT SECURITIES (PROXIES)**

Clients retain the authority to vote proxies. The Adviser requires that investors ensure proxy ballots are mailed directly to each investor or an authorized third party. The Adviser will not take action with respect to any securities or other investments that become the subject of any legal proceedings, including bankruptcies.

While Haverdink Financial Management does not vote proxies for clients, it is available to assist clients with questions and concerns relating to proxies. The Adviser does not engage in proxy-related discussions with non-clients and does not solicit proxies. In the event Haverdink Financial Management's advice is solicited by its clients, the Adviser shall abide by the following conditions:

- Haverdink Financial Management will disclose any significant relationship with the issuer, its affiliates, or a security holder proponent of the matter on which proxy voting advice is given, as well as any material interest of our Adviser in the matter.
- The Adviser will not accept any form of special consideration from any person, other than the security holder recipient thereof, in exchange for furnishing voting advice, and;
- Voting advice will not be furnished on behalf of any person soliciting proxies, or on behalf of a participant in an election contest subject to SEC Rule 14a-11.
- Haverdink Financial Management shall not communicate with the press concerning a proxy.
- Haverdink Financial Management does not solicit proxies.

Deviations from these policies will result in a prompt amendment of this Brochure and may require Haverdink Financial Management to comply with SEC Proxy Registration Rules.

## **ITEM 18: FINANCIAL INFORMATION**

### **A. BALANCE SHEET**

Haverdink Financial Management does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance of services and therefore is not

required to include a balance sheet with this Brochure.

**B. FINANCIAL CONDITIONS REASONABLY LIKELY TO IMPAIR THE ADVISER'S ABILITY TO MEET CONTRACTUAL COMMITMENTS TO CLIENTS**

Neither Haverdink Financial Management nor its management have any financial conditions that are likely to reasonably impair the Adviser's ability to meet contractual commitments to clients.

**C. BANKRUPTCY PETITIONS IN PREVIOUS TEN YEARS**

Haverdink Financial Management has not been the subject of a bankruptcy petition in the last ten years.

**ADDITIONAL INFORMATION:  
PRIVACY POLICY**

Haverdink Financial Management is covered under the definition of a "financial institution" in the Federal Gramm-Leach-Bliley Act (the "Act") and is required to comply with the SEC's Regulation S-P (the "Privacy Rule").

Privacy of nonpublic personal information is an issue that the staff of Haverdink Financial Management takes seriously. To maintain compliance with Privacy Rules, every broker, dealer, investment company and investment adviser is required to adopt policies and procedures reasonably designed to safeguard customer and consumer records and information. Haverdink Financial Management has adopted a Privacy Policy to protect clients and consumers.

In its role as Investment Adviser, Haverdink Financial Management routinely collects nonpublic personal information from clients and prospective clients. This information generally will include but is not limited to:

- Information provided from applications, forms and other information provided to us either verbally or in writing, and include but are not limited to your name, address, phone number, account information, social security number, assets, employment, income, and debt
- Information about your transactions, accounts, trading activity and parties to transactions; health and beneficiary information (such as may pertain to planning issues)
- Information from other outside sources
- Any other data that is deemed to be nonpublic personal information as defined by the Act and Regulation S-P.

Haverdink Financial Management values clients' trust and confidence. We will never sell the nonpublic personal information we obtain from consumers or clients. All information provided by clients or prospective clients to Haverdink Financial Management, (including the Adviser's personnel), and information and advice furnished by the Adviser to clients, shall be treated as confidential and shall not be disclosed to

unaffiliated third parties, except: As directed by clients with written authorization, by application to facilitate the investment advisory services offered by the Adviser via an affiliated or unaffiliated financial services provider (such as the client's custodial firm or broker/dealer), or as required by any rule, regulation or law to which the Adviser or its staff may be subject.

Haverdink Financial Management maintains client records in a controlled environment and records (electronic and otherwise) are only available to authorized persons of the Adviser who have a need to access client information in order to deliver advisory services, provide administrative support, or to respond to client requests. The Adviser has made reasonable efforts and conducts periodic tests to ensure that its electronic network is secure.

Haverdink Financial Management's position on protecting non-public personal information extends beyond the life of the Advisory Agreement. Client information is retained in a protected manner for the time period required by regulators (five years from the data of last use) and thereafter is safely destroyed via in-house shredding or a contracted secure shredding service.

Consumers (those persons who are not clients) who provide information during an initial consultation or for other purposes but do not go on to become clients of the Adviser also receive privacy protection. Original information will be promptly returned in person or via the mail if the Adviser's services are not engaged. Alternatively, if nonpublic personal information is contained in copies of documents, notes or some other media, this information will be securely filed for a period of up to one year (depending upon likelihood of engagement) before being shredded in-house or via our secure shredding service.

Clients are encouraged to discuss any questions regarding Haverdink Financial Management's privacy policies and procedures with Kevin Haverdink, President and Chief Compliance Officer.