



Harmont Fixed Income, LLC

Form ADV, Part 2A (Firm Brochure)

This brochure provides information about the qualifications and business practices of Harmont Fixed Income, LLC. If you have any questions about the contents of this brochure, please contact us at (602) 791-1800 or by email at: info@harmontfixedincome.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Harmont Fixed Income, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Harmont Fixed Income, LLC's CRD number is: 321151.

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Registration as an investment adviser does not imply a certain level of skill or training.

Version Date: 10/28/2024

Item 2. Material Changes

Harmont Fixed Income is required to identify any material changes since its last annual amendment. As of the annual amendment dated March 29, 2024, Harmont Fixed Income has updated this brochure to reflect the following:

1. Item 4. Advisory Business – Updated to reflect that Harmont Fixed Income acts as a sub-advisor to unaffiliated registered investment advisers.
2. Item 5. Fees and Compensation – Updated the section to clarify the fees charged for sub-advisory services, and how fees are collected for clients of an unaffiliated Adviser.
3. Item 8. Methods of Analysis, Investment Strategies, & Risk of Loss – Added additional risk factors.
4. Item 14. Client Referrals and Other Compensation - Updated the section to include the use of solicitors.
5. Item 19. Requirements for State Registered Advisers – Removed this item as Harmont Fixed Income applied for Federal Registration.
6. Item 20. Material Conflicts of Interest – Removed this item as Harmont Fixed Income applied for Federal Registration.

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Item 4. Advisory Business

A. Description of the Advisory Firm

Harmont Fixed Income, LLC (hereinafter “Harmont Fixed Income”) is a Limited Liability Company organized in the State of Arizona. The firm was formed in March 2022, and the principal owner is William Willard Smith IV.

B. Types of Advisory Services

Harmont Fixed Income provides portfolio managements services as a sub-advisor to unaffiliated Investment Advisors’ clients. Harmont Fixed Income may, in the future, also provide portfolio management services directly to High-Net-Worth individuals and other types of clients.

Sub-Advisor Services

Harmont Fixed Income acts as a sub-advisor to unaffiliated registered investment advisers. These third-party advisers would outsource portfolio management services, security monitoring, and/or trading solutions to Harmont Fixed Income for Fixed Income portfolio management services. This relationship will be memorialized in each contract between Harmont Fixed Income and the third-party adviser. Third-party advisers are responsible for providing investment profile information for each of the unaffiliated adviser’s client’s current situation (income, tax levels, time horizon, risk tolerance levels, goals, and objectives) to aid in the construction of a portfolio that matches each client's specific situation and will convey in writing any restrictions for those accounts.

Harmont Fixed Income seeks to provide that investment decisions are made in accordance with the fiduciary duties owed to its accounts and without consideration of Harmont Fixed Income’s economic, investment or other financial interests. To meet its fiduciary obligations, Harmont Fixed Income attempts to avoid, among other things, investment or trading practices that systematically advantage or disadvantage certain client portfolios, and accordingly, Harmont Fixed Income’s policy is to seek fair and equitable allocation of investment opportunities/transactions among its clients to avoid favoring one client over another over time. It is Harmont Fixed Income’s policy to allocate investment opportunities and transactions it identifies as being appropriate and prudent among its clients on a fair and equitable basis over time.

Services Limited to Specific Types of Investments

Harmont Fixed Income generally limits its investment advice to fixed income securities, including U.S. Treasury, agency, certificates of deposit, corporate, and municipal bonds. Harmont Fixed Income may use other securities to help diversify a portfolio when applicable.

Written Acknowledgement of Fiduciary Status

For purposes of complying with the U.S. Department of Labor's ("DOL") Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. 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)
- Avoid misleading statements about conflicts of interest, fees, 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
- Give you basic information about conflicts of interest

C. Client Tailored Services and Client Imposed Restrictions

Harmont Fixed Income will tailor a program based on the information received from the unaffiliated investment adviser. Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent Harmont Fixed Income from properly servicing the client account, or if the restrictions would require Harmont Fixed Income to deviate from its standard suite of services, Harmont Fixed Income reserves the right to end the relationship.

D. Wrap Fee Programs

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees and transaction costs. Harmont Fixed Income does not participate in wrap fee programs.

E. Assets Under Management

Harmont Fixed Income has the following assets under management:

Discretionary Amounts: \$125.13 Million

Date Calculated: September 2024

Item 5. Fees and Compensation

A. Fee Schedule

Harmont Fixed Income charges a fee for its portfolio management services using the value of the account as of the last business day of the billing period, after taking into account deposits and withdrawals, for purposes of determining the market value of the assets upon which the fee is based.

When Harmont Fixed Income acts as a sub-advisor to unaffiliated third-party advisers, the notice of termination requirement and payment of fees for sub-advisory services will depend on the specific third-party investment adviser engaging Harmont Fixed Income as sub-advisor. This relationship will be memorialized in each contract between Harmont Fixed Income and each third-party adviser.

Clients of unaffiliated third-party Advisors pay sub advisory fees of up to 0.30% annually. These fees are generally negotiable, and the final fee schedule will be memorialized in each contract between Harmont Fixed Income and each third-party adviser. In some cases, a fixed fee may be negotiated. Lower fees for comparable services may be available from other sources.

B. Payment of Fees

The Sub-advisor fees for clients of an unaffiliated Advisors' may be withdrawn from clients' accounts by the unaffiliated Adviser or clients may be invoiced for such fees, as disclosed in each contract between Harmont Fixed Income and the applicable unaffiliated third- party adviser.

C. Client Responsibility for Third-Party Fees

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by Harmont Fixed Income. Please see Item 12 of this brochure regarding broker-dealer/custodian.

D. Prepayment of Fees

Harmont Fixed Income collects its fees in arrears. It does not collect fees in advance.

E. Outside Compensation for the Sale of Securities to Clients

Neither Harmont Fixed Income nor its supervised persons accept any compensation for the sale of investment products, including asset-based sales charges or service fees from the sale of mutual funds.

Item 6. Performance-Based Fees and Side-By-Side Management

Harmont Fixed Income does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Harmont Fixed Income generally provides advisory services to the following types of clients:

- Other Investment Advisers

There is no account minimum for any of Harmont Fixed Income's services.

Item 8. Methods of Analysis, Investment Strategies, and Risk of Loss

A. Methods of Analysis and Investment Strategies

Harmont Fixed Income specializes in the design, execution, and ongoing management of taxable and tax-sensitive portfolios. The firm primarily invests in U.S. Treasury, agency, certificates of deposit, corporate, and municipal securities. The specific strategy we recommend/implement is generally tailored for each individual client and can include long-term and short-term fixed income trading strategies. We employ diligent bottom-up research, focus on efficient trade execution, and believe that an active approach to fixed income portfolio management has the potential to add value and help investors meet their long-term investment objectives.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear. The investment risks described below represent some but not all of the risks associated with various types of investments and investment strategies. Clients should carefully evaluate all

applicable risks with any investment or investment strategy and realize that investing in securities involves risk of loss that Clients should be prepared to bear.

B. Material Risks Involved

Investment Strategies

Long-term trading is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

Short-term trading risks include liquidity, economic stability, and inflation, in addition to the long-term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

General Risks

Cybersecurity and Disaster Recovery Cyber incidents affecting Harmont Fixed Income and its various service providers have the ability to disrupt and impact business operations, potentially resulting in financial losses, interference with an advisor's ability to value its client's securities or other investments, impediments to trading, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of invested securities, counterparties to transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions and other parties. In addition, substantial costs may be incurred to prevent any cyber incidents in the future. While business continuity plans and risk management systems are designed to prevent and mitigate cyber incidents and other disasters, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Harmont Fixed Income has limited cyber security and disaster recovery plans for its operations and relies on outside parties for some key operational functions, who in turn may also have limited cyber security and disaster recovery plans, which could negatively impact investors.

General Economic and Market Conditions, which is the risk that Harmont Fixed Income's activities will be affected by general economic and market conditions, such as global and local economic growth, interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of clients' investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist

acts or security operations), and more recently in 2020, a pandemic (i.e. coronavirus). These factors may affect the level and volatility of the prices and the liquidity of clients' investments. Volatility or illiquidity could impair clients' profitability or result in losses.

Frequent Trading Costs - The strategies used by Harmont may require frequent trading. Therefore, portfolio turnover and brokerage commissions and certain other expenses of the Portfolio may exceed those of other investment funds of comparable size and thus affect the Portfolio's returns. Brokerage commissions, fees, taxes, and other transaction costs may be substantial, regardless of the Portfolio's performance. In addition, in response to the market's volatile short-term price swings from time to time, regulators may seek to implement "limit up-limit down" restrictions, which would require trades in U.S. and other listed stocks to be executed within a range tied to recent market prices. Any such proposal would seek to limit extreme market volatility but could adversely affect profit opportunities for the Portfolio.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside U.S. Treasury and Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

Fixed Income Risks: Fixed income investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best-known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on U.S. Treasuries, including treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting; however, they carry a potential risk of losing share price value.

Bond Market Risks: Investing in the bond market is subject to certain risks including credit, inflation, interest-rate, issuer, and liquidity, that clients should be prepared to bear. Investments in both taxable and tax-exempt fixed-income securities are subject to many risks, including interest-rate, regulatory, liquidity, issuer or credit, and distressed debt/default risks. With respect to interest rates, investors should be aware of the potential for unanticipated rapid changes in interest rates that could adversely affect investment performance. Tax-exempt bonds may be subject to adverse effects due to governmental actions, including actions by local, state, and regional governments, as well as

municipal bankruptcies or credit events. Convertible securities are subject to risks affecting both equity and fixed-income securities, including market, credit, and interest-rate risk.

Liquidity Risk: The risk of being unable to sell your investment at a fair price at a given time due to high volatility or lack of active liquid markets. You may receive a lower price or it may not be possible to sell the investment at all.

Credit Risk: Credit risk typically applies to debt investments such as corporate, municipal, and sovereign fixed income. A bond issuing entity can experience a credit event that could impair or erase the value of an issuer's securities held by a client.

Inflation and Interest Rate Risk: Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of a client's future interest payments and principal. Inflation also generally leads to higher interest rates which may cause the value of many types of fixed income investments to decline.

Horizon and Longevity Risk: The risk that your investment horizon is shortened because of an unforeseen event, for example, the loss of your job. This may force you to sell investments that you were expecting to hold for the long term. If you must sell at a time that the markets are down, you may lose money. Longevity Risk is the risk of outliving your savings. This risk is particularly relevant for people who are retired or are nearing retirement.

Issuer risk: The risk that changes in the financial condition of the issuer of a security, changes in general economic conditions, or changes in economic conditions that affect the issuer may impact its actual or perceived willingness or ability to make timely payments of interest or principal and can decrease the value of the security.

Prepayment Risk: When market interest rates decline, certain debt obligations held by an account may be repaid more quickly than anticipated, requiring the account to reinvest the proceeds of those repayments in obligations that bear a lower interest rate. Conversely, when market interest rates increase, certain debt obligations held by an account may be repaid more slowly than anticipated, causing assets of the account to remain invested in relatively lower yielding obligations. These risks may be more pronounced for investments in mortgage-backed and asset-backed securities.

Reinvestment Risk: is the risk that income will decline if the strategy reinvests the proceeds of matured or sold securities at market interest rates that are below its portfolio earnings rate.

Call Risk: A call provision allows the issuer to redeem the bond before the maturity date. It poses a risk to clients since they will not receive any additional interest after the bond has been called.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9. Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report, as neither Harmont Fixed Income nor any management persons have been subject to any criminal or civil actions.

B. Administrative Proceedings

There are no administrative proceedings to report, as neither Harmont Fixed Income nor any management persons have been subject to any administrative proceedings.

C. Self-Regulatory Organization (SRO) Proceedings

There are no self-regulatory organization proceedings to report, as neither Harmont Fixed Income nor any management persons have been subject to any self-regulatory organization proceedings.

Item 10. Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither Harmont Fixed Income nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither Harmont Fixed Income nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

Neither Harmont Fixed Income, management persons, nor its representatives have any material relationships to this advisory business that would present a possible conflict of interest, including

relationships with a 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," offshore fund, other investment adviser or financial planner, futures commission merchant, commodity pool operator, or commodity trading advisor, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, and/or sponsor or syndicator of limited partnerships.

D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections

Except for its sub advisory services, Harmont Fixed Income does not utilize nor select third-party investment advisers.

Item 11. Code of Ethics, Participation/Interest in Client Transactions, Personal Trading

A. Code of Ethics

Harmont Fixed Income has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Harmont Fixed Income's Code of Ethics is available free upon request to any client or prospective client by contacting us at (602) 791-1800 or by email at: info@harmontfixedincome.com.

B. Recommendations Involving Material Financial Interests

Harmont Fixed Income does not recommend that clients buy or sell any security in which a related person to Harmont Fixed Income or Harmont Fixed Income has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

Harmont Fixed Income will not recommend to clients specific securities in which the firm or its representatives also invest.

D. Trading Securities AT/Around the Same Time as Clients' Securities

Please see Item 11.C above.

Item 12. Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

Custodians/broker-dealers will be recommended based on Harmont Fixed Income's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and Harmont Fixed Income may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in Harmont Fixed Income's research efforts. Harmont Fixed Income will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

Harmont Fixed Income recommends Schwab Institutional, a division of Charles Schwab & Co., Inc..

1. Research and Other Soft-Dollar Benefits

While Harmont Fixed Income has no formal soft-dollar program in which soft-dollars are used to pay for third party services, Harmont Fixed Income may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). Harmont Fixed Income may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and Harmont Fixed Income does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. Harmont Fixed Income benefits by not having to produce or pay for the research, products or services, and Harmont Fixed Income will have an incentive to recommend a broker-dealer based on receiving research or services.

2. Brokerage for Client Referrals

Harmont Fixed Income receives no 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

Harmont Fixed Income may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing

that the client's direction with respect to the use of brokers supersedes any authority granted to Harmont Fixed Income to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; the client may be unable to participate in block trades (unless Harmont Fixed Income is able to engage in "step outs"); and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

B. Aggregating (Block) Trading for Multiple Client Accounts

If Harmont Fixed Income buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, Harmont Fixed Income would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. Harmont Fixed Income would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

C. Cross Transactions

Cross trading occurs when securities are bought and sold between two or more client accounts. While we believe cross trades can be beneficial to all parties, including the potential for better pricing and more efficient trade execution, there are inherent conflicts of interest when representing both buyer and seller, including the potential for more favorable treatment of one client over another. To help mitigate these potential conflicts and ensure we are meeting our fiduciary duty to both the selling and buying client(s), Harmont Fixed Income has established trading policies and procedures regarding cross trades:

1. Harmont Fixed Income will only execute a cross trade if (1) a sell is required to meet a client withdrawal request or (2) the cross is executed for the purpose of tax-loss harvesting.
2. Cross trades must fit within the investment mandate of all parties, including investment objectives, risk tolerance, and time horizon.
3. Harmont Fixed Income will make every reasonable effort to ensure that cross trades are beneficial to both buyer and seller. This typically means executing a cross trade at a price that is between an established bid (sell) and ask (buy) price for the security.
4. In an effort to establish a bid price, Harmont Fixed Income will seek bids from independent third parties via a request for quote (RFQ). If a bid is received that is (1) higher

than we would be willing to pay to purchase the security for another client or (2) the bid is higher than the custodial third-party evaluated price, no cross trade will occur.

- a. In cases where no bids for a security are received, Harmont Fixed Income may place a bid on the security based on a combination of factors, including historical trades (when available), an analysis of comparable securities being offered in the new issue and secondary market, and/or prices available from independent third-party pricing services.
5. In an effort to establish an ask price, Harmont Fixed Income will look for offerings via the clients' custodial trading platform as well as from independent broker-dealers. If there is an offer that is cheaper than the potential cross price, no cross trade will occur.
 - a. If no established offer side exists, we will offer the security via an independent broker-dealer, at a price that is higher than both the bid side and potential cross price. If the security is sold at the ask price, no cross trade will occur.
6. Cross trades will be facilitated by an independent third-party broker-dealer.

While Harmont Fixed Income does not generate fees or receive additional compensation from cross trades, the broker-dealer facilitating the transaction will charge routine trading fees. These fees will be applied to the selling client's account via a deduction in sales proceeds.

Clients may opt out of cross transactions at any time by notifying Harmont Fixed Income in writing.

Item 13. Review of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

All client accounts for Harmont Fixed Income's advisory services provided on an ongoing basis are reviewed at least quarterly by William Willard Smith, Managing Member and Chief Compliance Officer, with regard to clients' respective investment policies and risk tolerance levels. All accounts at Harmont Fixed Income are assigned to this reviewer.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in a client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client of Harmont Fixed Income's advisory services provided on an ongoing basis can receive a monthly report detailing the client's account, including assets held, asset value, and transactions at the clients request. This written report will come from the custodian.

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)

Harmont Fixed Income receives compensation via its arrangement with advisers when acting as sub-advisor, but otherwise does not receive any economic benefit from any other third party for advice rendered to Harmont Fixed Income's clients.

With respect to Schwab, Harmont Fixed Income receives access to Schwab's institutional trading and custody services, which are typically not available to Schwab retail investors. These services are generally available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services. Schwab's services include brokerage services that are related to the execution of securities transactions, custody, research, including that in the form of advice, analyses and reports, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. For Harmont Fixed Income client accounts maintained in its custody, Schwab generally does not charge separately for custody services but is compensated by account holders through commissions or other transaction-related or asset-based fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

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

fees from its clients' accounts (if applicable), and assist with back-office training and support functions, recordkeeping and client reporting. Many of these services generally may be used to service all or some substantial number of Harmont Fixed Income's accounts. Schwab Advisor Services also makes available to Harmont Fixed Income other services intended to help Harmont Fixed Income manage and further develop its business enterprise. These services may include professional compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing. In addition, Schwab may make available, arrange and/or pay vendors for these types of services rendered to Harmont Fixed Income by independent third parties. Schwab Advisor Services may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to Harmont Fixed Income. Harmont Fixed Income is independently owned and operated and not affiliated with Schwab.

B. Compensation to Non – Advisory Personnel for Client Referrals

Harmont Fixed Income may engage a solicitor to refer clients to Harmont Fixed Income. In that case Harmont Fixed Income would pay referral fees to the solicitor for each referral received based on Harmont Fixed Income's assets under management attributable to each client referred by the solicitor or members of each client's household. More specifically, Harmont may pay up to .03% annually of any and all assets under management referred by a solicitor.

Item 15. Custody

When advisory fees are deducted directly from client accounts at client's custodian, Harmont Fixed Income will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy. Harmont Fixed Income does not provide account statements to clients in addition to those provided by the custodian.

Item 16. Investment Discretion

Harmont Fixed Income provides discretionary and non-discretionary investment advisory services to clients. The advisory contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, Harmont Fixed Income generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share. In some instances, Harmont Fixed

Income's discretionary authority in making these determinations may be limited by conditions imposed by a client (in investment guidelines or objectives, or client instructions otherwise provided to Harmont Fixed Income).

Item 17. Voting Client Securities (Proxy Voting)

Harmont Fixed Income will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18. Financial Information

A. Balance Sheet

Harmont Fixed Income neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither Harmont Fixed Income nor its management has any financial condition that is likely to reasonably impair Harmont Fixed Income's ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

Harmont Fixed Income has not been the subject of a bankruptcy petition in the last ten years.