

# ADELL, HARRIMAN & CARPENTER, INC.

*Investment Management & Financial Counsel*

## Part 2A of Form ADV

### The Brochure

2700 Post Oak Blvd., Suite 1200  
Houston, TX 77056  
(713) 621-1155

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

March 2024

This brochure provides information about the qualifications and business practices of Adell, Harriman & Carpenter, Inc. (“AHC”). If you have any questions about the contents of this brochure, please contact us at (713) 621-1155 and/or [info@ahcinvest.com](mailto:info@ahcinvest.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Adell, Harriman & Carpenter, Inc. is a registered investment adviser. Registration as an investment adviser does not imply a certain level of skill or training.

Additional information about Adell, Harriman & Carpenter, Inc. is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable CRD number for AHC is 107488.

**Item #2: Material Changes**

Since the last annual update of its Form ADV Part 2A on March 27, 2023, AHC has made the following material change:

- Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss) – AHC removed the Russian Invasion of Ukraine risk and added a Geopolitical Risks disclosure.

**Item #3: Table of Contents**

Item #1: Cover Page	1
Item #2: Material Changes	2
Item #3: Table of Contents	3
Item #4: Advisory Business	4
Item #5: Fees and Compensation	4
Item #6: Performance Based Fees	4
Item #7: Types of Clients	4
Item #8: Methods of Analysis, Investment Strategies and Risk of Loss	5
Item #9: Disciplinary Information	6
Item #10: Other Financial Industry Activities and Affiliations	7
Item #11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	7
Item #12: Brokerage Practices	7
Item #13: Review of Accounts	8
Item #14: Client Referrals and Other Compensation	8
Item #15: Custody	10
Item #16: Investment Discretion	10
Item #17: Voting Client Securities	10
Item #18: Financial Information	10

**Item #4: Advisory Business**

AHC is a fee-only independent advisor that provides customized investment management services to high-net-worth individuals and their families. We also serve related trust and estate accounts, profit sharing plans, corporate and charitable entities. Our firm specializes in offering a personally tailored approach where each client's investment plan is suited to their individual retirement, estate, tax and liquidity goals. Financial counseling services are also available in areas such as retirement, estate, tax efficiency, college planning, cash management, charitable giving, company stock options, and insurance. AHC generally invests client assets on a discretionary basis in individual securities such as: domestic and international stocks, corporate and municipal bonds, and exchange traded funds ("ETFs"). In certain cases, AHC can allow clients to impose restrictions or exclude certain investments such as tobacco related stocks.

AHC was established in 1995. AHC's principal owner is Leia P Carpenter. As of December 31, 2023, AHC managed approximately \$1,332,289,328 of client assets on a discretionary basis and does not manage any client assets on a non-discretionary basis.

**Item #5: Fees and Compensation**

AHC charges most of its clients an annual investment management fee based on the following schedule:

<u>Assets under management</u>	<u>Annual Fee</u>
First \$1 Million	1.00%
Amounts in excess of \$1 Million and up to \$3 Million	0.85%
Amounts in excess of \$3 Million and up to \$5 Million	0.70%
Amounts in excess of \$5 Million	negotiable

In certain cases, AHC has negotiated lower fees, such as with charitable organizations or family members. AHC imposes a minimum annual fee of \$2,500, which may be waived or reduced. Financial planning services have negotiated fee arrangements. AHC charges fees quarterly in arrears based on the account value at the end of the prior quarter. Most clients authorize AHC to deduct fees automatically from their brokerage accounts, but clients may request that AHC send quarterly invoices to be paid by check. For partial time periods AHC will invoice the client for an amount that is pro-rated based on the number of days that the account was managed.

In addition to AHC's investment management fees, clients bear any trading costs and custodial fees payable directly to their broker/custodian. To the extent that clients' accounts are invested in exchange traded funds (ETF) or mutual funds, these funds generally charge an internal layer of management and administrative expenses.

**Item #6: Performance Based Fees**

AHC does not charge any performance fees. Performance fees and side by side management arrangements are not applicable to AHC.

**Item #7: Types of Clients**

AHC primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, corporations, non-profit groups, pension and profit sharing plans, and other legal entities.

AHC's minimum account size is generally \$1,000,000; however, this amount is negotiable.

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

AHC's four Principals work together as members of the Investment Committee to set target asset allocations and approve individual securities for the AHC buy list. The primary asset classes used by AHC include individual stocks, individual investment grade bonds and exchange traded funds (ETF). The Investment Committee reviews research and conducts fundamental analysis on all securities recommended for client accounts. For stocks and bonds the analysis generally includes a review of the issuer's management, financial statements, credit ratings, historical profit and revenue trends, overall industry and competitive position, plus any other factors considered relevant to the particular investment. For ETFs the analysis generally includes a review of the fund's management, historical risk and return results, exposure to specific industry sectors and geographies, plus any other factors considered relevant.

The Investment Committee generally meets weekly to discuss the overall economy, market trends, the existing AHC buy list and prospective investments. Investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures. AHC primarily invests for relatively long time horizons, often for a year or more. However, market developments could cause AHC to sell securities more quickly.

*Investment Risks* - All investing involves a risk of loss due to market fluctuations and clients should be prepared to bear this risk. An investment in individual securities or in a portfolio of securities could lose money. AHC cannot give any guarantee that it will achieve clients' investment objectives or that any client will receive a return of its investment.

*Assumption of Catastrophe Risks.* Clients will be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including hurricanes, earthquakes, and other natural disasters;; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics, and pandemics. These catastrophic risks of loss can be substantial and could have a material adverse effect on AHC's business and Clients' portfolios including investments made by AHC.

*Common Stocks* - The risks of investing in common stocks include overall stock market risk, industry specific risk and individual company specific risk. Smaller capitalization stocks may be more volatile and carry greater risk than larger capitalization stocks. Economic trends can affect the risk profile of stocks (e.g., Rising interest rates may make stocks less attractive compared to bonds). Changes in earnings expectations may also affect the price of a stock. International stocks also possess currency risk, in addition to the risks inherent in equity investing.

*Fixed Income Securities* - Investments in bonds or other fixed income securities, including notes and debentures issued by corporations; debt securities issued or guaranteed by the U.S. Government or one of its agencies and state municipalities may pay fixed, variable or floating rates of interest, and may include zero coupon obligations. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk), the risk that interest rates may rise and the principal value of the bond may fall (*i.e.*, interest rate risk) and are subject to the market's perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

*Banking Risks* - Rising interest rates, various bank failures and volatile markets contribute to potential instability in the banking sector, raising a variety of risks for investors. While the adviser reviews key third party services providers and counterparties, situations involved in any given banking relationship or transaction may not allow for the risks to be eliminated when they arise.

*Exchange Traded Funds* - AHC may invest in ETFs. Shares of ETFs are listed on a stock exchange and can be traded throughout the day at market-determined prices. ETFs typically invest in equity or fixed income securities comprising an underlying index. Changes in the prices of ETFs generally, but may not in all cases, track the price movement of the securities in the underlying index or sector relatively closely. Equity based ETFs experience similar risks to common stocks such as overall market risk and industry specific risk. Fixed income based ETFs are subject to interest rate risk, credit risk, and overall market risk. Additional risks for ETFs include tax risk and liquidity risk.

*Use of Leverage* – The use of leverage increases the risk of loss and increases costs. AHC may at a client's request, use leverage in its investment program, including the use of borrowed funds (i.e., margin) and investments in certain types of options, such as puts, calls and warrants. Leverage strategies increase the risk of loss. To the extent AHC purchases securities with borrowed funds, net assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The interest costs associated with such borrowing will reduce the client's profits. If the interest expense on borrowings were to exceed the return on the investments made with borrowed funds, the use of leverage would result in a lower rate of return than if leverage was not used.

*Geopolitical Risks* - Risks outside of the financial markets may affect the markets and investments, often at times significantly. The occurrence of geopolitical events in recent years such as (but not limited to): war, the Israeli-Palestinian conflict, the ongoing military conflict between Russia and Ukraine, terrorist attacks in the U.S. and around the world, social and political discord, governmental debt crises, strains on international relations between the U.S. and a number of foreign countries, including traditional allies, new and continued political unrest in various countries, and changes in the U.S. Presidency and federal administration can result in market volatility, have long-term effects on the U.S. and worldwide financial markets, and cause further economic uncertainties in the U.S. and worldwide.

*Cybersecurity Risks* - As the use of technology has grown, there are ongoing cybersecurity risks that make AHC and its clients susceptible to operational and financial risks associated with cybersecurity. To the extent that AHC is subject to a cyber-attack or other unauthorized access is gained to its systems, AHC and its clients may be subject to substantial losses in the form of theft, loss, misuse, improper release or unauthorized access to confidential or restricted data related to AHC or its clients. Cyber-attacks affecting AHC's service providers holding its financial or client data may also result in financial losses to clients, despite efforts to prevent and mitigate such risks under AHC's policies. While measures have been developed which are designed to reduce the risks associated with cybersecurity, there are inherent limitations in such measures and there is no guarantee those measures will be effective, particularly since AHC does not directly control the cybersecurity measures of its service providers and financial intermediaries with which it does business.

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

AHC and its employees have not been involved in any legal or disciplinary events in the past 10

years that would require disclosure in response to this item.

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

AHC receives client referrals from a subsidiary of Fidelity Investments (“Fidelity”) which is material to AHC’s advisory business. This arrangement does not create a material conflict of interest with AHC’s clients. Please see item 14 for additional information.

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

AHC has adopted a written code of ethics (“Code”) that is applicable to all employees. Among other things, the code describes our standards of business conduct and requires AHC employees to act in clients’ best interests. The code also includes provisions relating to applicable government regulations, client confidentiality, a prohibition on insider trading, pre-clearance requirements on many types of personal securities transactions and restrictions on the acceptance of significant gifts. AHC’s restrictions on personal securities trading applies to employees, as well as employees’ family members living in the same household. AHC maintains a watch list of securities that are being considered for client accounts, as well as securities already held in client accounts. Any proposed employee transaction in such securities requires pre-clearance from the Chief Compliance Officer. The Chief Compliance Officer does not grant pre-clearance where it would appear that an employee’s trading could disadvantage AHC’s clients. On occasion, employees of AHC may buy securities for their own accounts which AHC also recommends to clients. It is also possible that employees of AHC may be permitted to sell securities for their personal accounts when AHC is buying the same security for client accounts. These transactions must be pre-approved by the Chief Compliance Officer. Employee’s personal security transactions may potentially raise conflicts of interest, however, AHC has policies and procedures in place designed to prevent such conflicts. In addition, AHC holds quarterly staff meetings to clarify and review these policies. A copy of AHC’s code of ethics is available by sending an email request to [info@ahcinvest.com](mailto:info@ahcinvest.com) or calling (713) 621-1155.

**Item #12: Brokerage Practices**

AHC generally recommends that clients arrange for their assets to be held with Fidelity, AHC’s preferred custodian. Factors considered when determining the reasonableness of Fidelity’s fees include commission rates, back office services, research offerings, best execution capabilities, dedicated service personnel, online trading capabilities and money market options. On at least an annual basis, AHC’s Chief Compliance Officer evaluates the pricing and services offered by Fidelity with those offered by other reputable firms. AHC has sought to make a good-faith determination that Fidelity provides clients with good services at competitive prices. However, clients should be aware that this determination could have been influenced by AHC’s receipt of services and client referrals from Fidelity. AHC has managed client assets held at Fidelity for many years and has found Fidelity to offer good services at competitive prices. AHC would notify its clients if it were to determine that another firm offered better pricing and services than Fidelity.

**-Soft Dollar Benefits**

AHC does not participate in any soft dollar programs.

**-Client Referrals**

Please refer to Item 14.

#### **-Directed Brokerage Selection**

Some clients may elect to have their accounts held by custodians other than Fidelity. If a client directs their account to a custodian other than Fidelity, that client may lose out on certain benefits that could otherwise be obtained, including participation in aggregated trade orders. Additionally, trades for directed brokerage accounts are typically placed after accounts custodied at Fidelity.

AHC has the option to trade accounts held at Fidelity using other broker-dealers. However, Fidelity charges trade-away fees that AHC believes outweigh any benefits from trading stocks or ETFs with other brokers. When placing trades in fixed income securities, the availability and pricing of bonds varies more widely among different broker-dealers. Prior to placing a bond trade, AHC compares bond prices offered by several broker-dealers on Bloomberg and then executes the trade with the broker-dealer that offers the most favorable pricing net of fees.

#### **Aggregated Trades**

When beneficial, AHC will aggregate or block client trades in an effort to obtain the most efficient execution for all clients. Clients participating in an aggregated order receive the same average price and incur trading costs that are comparable as if they were trading individually. AHC employee trades may be aggregated with client trades. However, in the event of a partial fill, clients will receive their complete allocation before an allocation is made to AHC employee accounts.

Cross Trades – AHC periodically conducts fixed income security cross transactions between client accounts. Cross transactions are only conducted when the trade is in the best interests of both clients and AHC fulfills its fiduciary duty to achieve best execution. AHC will never include an AHC proprietary or employee-owned account in a cross transaction.

#### **Item #13: Review of Accounts**

Assets under AHC's management are monitored on an ongoing basis by the Investment Committee members and individual client accounts are periodically reviewed by the client's portfolio manager. The client's portfolio manager reviews each account on at least a quarterly basis, as well as in connection with client meetings or other communications. The periodic reviews are conducted by Steve Adell, Leia Carpenter, Mark Berry, and Scot Johnson. Additional reviews of client accounts can also be triggered if a client changes his or her investment objectives, or if the market, political, or economic environment changes materially.

Clients receive account statements directly from their custodian on a quarterly or more frequent basis. AHC supplements these custodial statements with quarterly summary statements, reports provided during client meetings, or as requested.

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

If an unaffiliated person refers a prospective client to AHC (i.e., provides a testimonial or endorsement), AHC may compensate the person through direct or indirect compensation in accordance with the requirements of amended Rule 206(4)-1 under the Advisers Act.



At the time the compensated testimonial or endorsement is provided, AHC will clearly and prominently disclose or reasonably believe that the person giving the compensated testimonial or endorsement clearly and prominently discloses: 1) whether the person providing the testimonial or endorsement is a client or non-client of AHC, 2) that cash or non-cash compensation was provided to the person for the testimonial or endorsement, and 3) a brief description of any material conflicts of interest. The prospective client will also receive disclosures describing the material terms of the compensation to be provided to the person for the testimonial or endorsement, and a description of any material conflicts of interest that exist between the person providing the testimonial or endorsement and AHC.

**Participation in Fidelity Wealth Advisor Solutions®.** AHC participates in the Fidelity Wealth Advisor Solutions® Program (the “WAS Program”), through which AHC receives referrals from Fidelity Personal and Workplace Advisors LLC (FPWA), a registered investment adviser and Fidelity Investments company. AHC is independent and not affiliated with FPWA or any Fidelity Investments company. FPWA does not supervise or control AHC, and FPWA has no responsibility or oversight for AHC’s provision of investment management or other advisory services.

Under the WAS Program, FPWA acts as a solicitor for AHC, and AHC pays referral fees to FPWA for each referral received based on AHC’s assets under management attributable to each client referred by FPWA or members of each client’s household. The WAS Program is designed to help investors find an independent investment advisor. More specifically, AHC pays the following amounts to FPWA for referrals: the sum of (i) an annual percentage of 0.10% of any and all assets in client accounts where such assets are identified as “fixed income” assets by FPWA and (ii) an annual percentage of 0.25% of all other assets held in client accounts. In addition, AHC has agreed to pay FPWA an annual program fee of \$50,000 to participate in the WAS Program. These referral fees are paid by AHC and not the client.

To receive referrals from the WAS Program, AHC must meet certain minimum participation criteria, but AHC may have been selected for participation in the WAS Program as a result of its other business relationships with FPWA and its affiliates, including Fidelity Brokerage Services, LLC (“FBS”). As a result of its participation in the WAS Program, AHC may have a potential conflict of interest with respect to its decision to use certain affiliates of FPWA, including FBS, for execution, custody and clearing for certain client accounts, and AHC may have a potential incentive to suggest the use of FBS and its affiliates to its advisory clients, whether or not those clients were referred to AHC as part of the WAS Program. Under an agreement with FPWA, AHC has agreed that AHC will not charge clients more than the standard range of advisory fees disclosed in its Form ADV Part 2A to cover solicitation fees paid to FPWA as part of the WAS Program. Pursuant to these arrangements, AHC has agreed not to solicit clients to transfer their brokerage accounts from affiliates of FPWA or establish brokerage accounts at other custodians for referred clients other than when AHC’s fiduciary duties would so require, and AHC has agreed to pay FPWA a one-time fee equal to 0.75% of the assets in a client account that is transferred from FPWA’s affiliates to another custodian; therefore, AHC may have an incentive to suggest that referred clients and their household members maintain custody of their accounts with affiliates of FPWA. However, participation in the WAS Program does not limit AHC’s duty to select brokers on the basis of best execution.

**Item #15: Custody**

AHC may be deemed to have constructive custody of most client assets as a result of its ability to send client funds to third parties and to directly debit management fees. Actual custody of the funds and other clients' assets, however, is held by unaffiliated qualified custodians, not by AHC. Clients' qualified custodians send statements directly to clients on a quarterly or more frequent basis. Clients should carefully review their custodian statements and compare these statements to the quarterly account statements provided by AHC.

**Item #16: Investment Discretion**

AHC manages client accounts on a discretionary basis as described in Item 4. Clients grant AHC discretionary authority through the execution of a limited power of attorney included in AHC's advisory contract. Clients can place reasonable restrictions on investment discretion by mutual agreement between AHC and the client. For example, some clients have asked AHC not to buy securities issued by companies in certain industries, or not to sell certain securities where the client has a particularly low tax basis.

**Item #17: Voting Client Securities**

AHC does not exercise proxy voting authority over client securities. The obligation to vote client proxies shall at all times remain with the client. Clients will receive proxy voting material directly from their custodian. Clients may contact AHC by phone or email to discuss any potential proxy vote.

**Item #18: Financial Information**

AHC does not require or solicit prepayment of fees six months or more in advance. AHC has never filed for bankruptcy and does not have any financial condition that is expected to affect its ability to meet contractual commitments to clients.