

**Harvey Investment Company, LLC**

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This brochure provides information about the qualifications and business practices of Harvey Investment Company Harvey, LLC ("Harvey"). If you have any questions about the contents of this brochure, please contact us at 502-339-8270. 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.

Additional information about Harvey Investment Company, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search for our firm using our CRD number which is 110482.

Harvey is registered with the SEC. However, this registration, while required by law, does not indicate any established or set level or skill or training on our part.

**MATERIAL CHANGES**

This section only discusses any material changes to our Form ADV Part 2A disclosure document since the date of our 2015 annual update to this brochure which was March 19, 2015 through the date of our 2016 annual update to this brochure which was March 22, 2016.

Our majority owner, WealthTrust, LLC acquired new ownership in September, 2015 and is now principally owned by Affiliated Wealth Partners Holdings, LLC and by LEP Realization Summer, LLC through intermediaries. Please refer to the section on Other Financial Industry Activities and Affiliations for information on other financial industry firms with which we are currently affiliated.

We have also added additional disclosure to the section on Review of Accounts adding Hunter Noble and Mary Herrmann as portfolio managers responsible for account reviews and that more than one portfolio manager is responsible for account reviews. Please refer to the section on Review of Accounts for more information.

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### ADVISORY BUSINESS

Harvey has been in business since 2000. We provide our clients with investment management services consisting primarily of discretionary asset management through the use of equity and balanced (between equity securities such as stocks and fixed income securities such as municipal or government bonds) portfolios. We also provide non-discretionary investment management services under which we provide investment advice to the client as to the investment or reinvestment of its assets with the client being responsible for acceptance and implementation of the advice but this service is provided on a limited basis as requested.

Our services and processes are designed to determine and address each client's specific investment needs based on interviews and meetings with our clients designed to collect information as to the client's investment circumstances, objectives, time horizon expectations, past investment experience as well as risk tolerance. The client may also impose restrictions on our ability to implement particular types of investments on its behalf if that is the client's preference. We then implement an investment strategy for our clients based upon the information collected.

As part of our use of equity portfolios, we offer clients, depending upon their specific investment needs, the ability to participate in our Harvey Focus Portfolios in which the client's assets are invested primarily in the stocks of a more consolidated group of companies, focused on medium-sized companies.

We do not provide legal, tax or accounting advice or services and you should not assume that we are providing you such services at any time. Also, you should understand that, generally speaking, securities or other investments for which we provide advice to you are not deposits or obligations of any bank, are not endorsed or guaranteed by any bank and are not insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other governmental agency and that neither Harvey nor any of its affiliated companies is a trust or banking institution.

Some of our clients may be involved in "wrap fee" arrangements with certain brokerage firms which sponsor such arrangements. Under a wrap fee arrangement, a brokerage firm may recommend retention of Harvey to manage all or a portion of your assets; pay us our fee for our services; monitor and evaluate our services in managing your assets; execute securities transactions which we implement on your behalf; and provide you with custodial services for your assets, or the brokerage firm may provide any combination of these services, for a set fee to be paid by you to the brokerage firm. Under a wrap fee arrangement, your assets would be managed by us in the same manner as assets managed by us for our clients not in a wrap fee arrangement although this would be subject to your particular investment needs and objectives and we may have limited or minimal contact with you where the brokerage firm maintains the direct and primary relationship with you. You should understand that, depending upon the amount of the wrap fee the brokerage firm charges you, the number of securities transactions in your account, the value of custodial or other services you will receive under the arrangement, the amount of the wrap fee may or may not be less than the total cost for such services added together if you obtained them separately and therefore such arrangement may not be suitable for all clients based on the client's individual financial circumstances and investment goals. You can find more specific information on each wrap fee arrangement in the Wrap Fee Program Brochure which should be available to you from the wrap fee arrangement sponsor. Harvey does not act as a sponsor of any wrap fee arrangements.

The principal owners of Harvey are WealthTrust, LLC and Samuel Harvey. The ultimate owners of WealthTrust, LLC are Affiliated Wealth Partners Holdings, LLC and LEP Realization Summer, LLC through intermediaries. The amount of client assets we manage on a discretionary basis as of December 31, 2015 is \$499,086,888.

## FEES AND COMPENSATION

Harvey is typically compensated for its investment advisory services by charging you a management fee based on the market value of your assets under our management based upon the fee schedule set forth below:

First \$1,000,000 of assets	1% per annum
Next \$2,000,000 of assets	.75% per annum
Assets above \$3,000,000	.50% per annum

However, our fee for clients who participate in our Harvey Focus Portfolios is 1% of the market value of the assets which participate in this service regardless of the total value of the assets. Harvey Focus Portfolios are portfolios with a higher degree of concentration, focused on mid-sized companies.

Fees are billed quarterly in advance based upon the market value of the assets at the end of the preceding quarter. If your relationship with us is begun or ended during a calendar quarter, your fee will be prorated for the appropriate number of days completed or remaining in the quarter and, where applicable, you will be issued a refund for the portion of your quarterly fee paid in advance which was unearned.

Fees for non-discretionary services are agreed to the time of our engagement and will vary from client to client.

We may negotiate the amount of your fee depending upon circumstances including but not limited to account composition and complexity, other client, employee or family relationships, etc. which may result in different fees being charged by us for client accounts similar in composition and objectives. Our employees and their family related accounts may be charged a reduced fee, or no fee, for our services.

You may pay your fee to us directly upon receipt of an invoice from us or you may authorize your custodian to allow us to directly debit our fee from your account or accounts. If you choose the latter method, your custodian will not confirm our fee but will pay the amount based on the fee amount communicated to the custodian by us and send it directly to us. You will receive a periodic statement from your custodian which will include the amount of the fee which has been sent to us. You should confirm the accuracy of our fee calculation upon receipt of your custodian's statement.

The fees you pay us do not include brokerage commissions or other fees or charges associated with securities transactions implemented with or through a brokerage firm, mark-ups or mark-downs in principal transactions, deferred sales charges, stock exchange fees, wire transfer or related processing

fees, transfer taxes or other charges mandated by law or regulation all of which will be charged to you in addition to our fee. We do not receive any portion of any of the foregoing expenses or fees. You should refer to the section on Brokerage Practices in our brochure for more information on how we select or recommend brokerage firms for your securities transactions and information related to that process.

You should understand that mutual funds, including exchange traded funds, in which your assets are invested by us or by others, impose separate investment management fees and other operating expenses, described in the fund's prospectus, for which you, the client, will be charged separately from the fee paid to us for our services.

Clients should be aware that similar or comparable services may be available from other firms including other investment management firms at a cost higher or lower than that available through us.

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

This section does not apply to Harvey Investment Company, LLC.

## **TYPES OF CLIENTS**

Our clients include individual persons, pension and profit sharing plans, trusts, estates, charitable organizations and corporations or similar business entities. Generally, our minimum account size is \$500,000 although this may be waived based on other considerations such as the account's relationship to established clients or other factors.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

We use several methods of investment analysis and investment strategies to provide services to our clients but our primary method consists of fundamental analysis which is the analysis of a company's financial statements, its management, competitive advantages, markets, etc. Our investment strategies include long term purchases (securities generally held for at least a year) and short term purchases (securities generally held for less than a year).

The securities we use in our investment strategies and investment advice include equity securities such as exchange listed securities, securities traded over the counter and foreign issues; warrants; debts securities of corporations and similar entities; commercial paper; certificates of deposit; municipal and government securities; and investment company securities such as mutual fund shares. From time to time, we may sell call options on a stock or stocks in your account.

Investing in securities such as the types of securities used by us in managing your assets or providing you investment advice involves the potential risk of loss in the value of the securities both in the amount

invested in the securities as well as any profits which have not been realized by selling the securities. You should be prepared to bear the risk of such losses. The degree of risk depends upon the type of security or strategy involved.

## **DISCIPLINARY HISTORY**

This section does not apply to Harvey Investment Company, LLC or any of its employees.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The following firms are affiliated with Harvey based on common ownership interest through our majority owner, WealthTrust, LLC:

Delta Asset Management, LLC - investment adviser  
Duncker Street & Co., LLC – investment adviser  
Kanawha Capital Management, LLC – investment adviser  
WealthTrust Arizona, LLC – investment adviser  
Wilbanks, Smith & Thomas Asset Management, LLC – investment adviser  
WealthTrust Axiom, LLC – investment adviser  
WealthTrust Fairport, LLC – investment adviser  
GFS Advisors, LLC – investment adviser  
Leonetti & Associates, LLC – investment adviser  
Miller-Green Financial Services, LLC – investment adviser  
SMH Capital Advisors, LLC – investment adviser  
The Rikoon Group, LLC – investment adviser  
Edelman Financial Services, LLC – investment adviser  
Sanders Morris Harris, LLC – investment adviser and broker dealer  
Global Financial Services, LLC – broker dealer  
The Dickenson Group, LLC - insurance  
HWG Insurance Agency, Inc. - insurance

However, Harvey does not have a relationship or arrangement with any of these affiliated firms which is material to our business or to our clients.

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

Harvey has adopted a written Code of Ethics under which all our full time employees are generally restricted from effecting transactions in certain securities for their personal accounts absent written pre-approval in order to seek to avoid conflicts of interest with transactions being effected in client accounts. Our employees may buy or sell the same securities that we recommend that our clients invest in or that we purchase or sell on our clients' behalf. This presents a conflict of interest between our employees' own financial interest and the best interest of our clients. We have addressed this conflict

of interest by imposing trading restriction under the Code of Ethics described above in this section which include restrictions on our employees' personal trading based upon investment activity occurring in, or being contemplated for, our clients' accounts. Pre-approval must also be obtained by employees before investing in initial public offerings of securities and before investing in a private placement of securities. Our employees are required to submit quarterly reports relating to their personal transactions and personal securities holdings to us. Our Code of Ethics also contains policies and procedures which are intended to prevent the misuse of material non-public information. A copy of our Code of Ethics is available to you upon request by contacting us through the contact information provided on the Cover Page of this brochure.

## **BROKERAGE PRACTICES**

Harvey considers the following factors in selecting or recommending brokerage firms for our clients' transactions and in determining the reasonableness of the compensation or other remuneration paid to the brokerage firms:

Quality of Support Services and Technology Provided

Trade Implementation Costs

Value of Research and Related Information Provided

Market Liquidity Provided

Confidentiality of Trading Intentions

Financial Stability

Ability to Execute Difficult Trades

Other Factors Which May Be Identified By Us From Time To Time

We have established a Broker Evaluation Committee which periodically reviews our brokerage practices and the reasonableness of compensation or other remuneration paid to brokerage firms and monitors our efforts to seek best execution of client transactions.

**Research and Other Soft Dollars Benefits:** Where more than one brokerage firm satisfy our criteria, preference may be given to brokerage firms which provide us with certain brokerage and research services and products as allowed by law under Section 28(e) of the Securities Exchange Act of 1934 which Harvey may use to execute client transactions even though the commissions or similar costs for particular transactions may be higher than the commissions or costs incurred by using another brokerage firms which does not provide Harvey with these brokerage and research services or products. Payments to brokerage firms for these services through commission revenue rather than direct cash payments are referred to as "soft dollars". We have made a good faith determination that the amount

of commission is reasonable in relation to the value of the brokerage and research services or products provided by the brokerage firm(s) which we consider to be a significant benefit to our clients. We use these brokerage and research services and products to benefit all of our clients' accounts not just those whose transactions paid for the services.

The brokerage and research services or products received by us under the arrangement described above include general investment research.

Our use of client brokerage commissions or similar costs for transactions to obtain brokerage or research services and products presents a conflict of interest to us because we do not have to internally produce the service or product or purchase it directly elsewhere. This also means that we will have a financial incentive to select or recommend brokerage firms which provide us such brokerage and research services or products rather than based on a consideration of the lowest commission cost to our clients. To address these conflicts, Harvey has a commission review process in place to review the reasonableness of commission amounts and rates used to obtain brokerage and research services described above. This review is conducted during meetings of our Broker Evaluation Committee.

**Directed Brokerage:** We will execute transactions through a particular brokerage firm as a result of your decision to direct us to execute transactions through a particular brokerage firm or as a result of your decision to participate in a "wrap fee" arrangement in which case trades are generally executed through the brokerage firm with which you have entered into the "wrap fee" arrangement. In this situation, you will be responsible for negotiating the commission rates you pay, not us. You should be aware that our inability to negotiate commissions, obtain volume discounts and that best execution may not be achieved for transactions in your account(s). As a result, transactions in accounts directed by you to a particular brokerage firm may result in higher commissions, greater spreads or less favorable net prices than would be the case if we were authorized to choose the brokerage firm through which to execute transactions for your account(s).

You should also be aware that disparities in commission charges for similar transactions in accounts in different clients of ours may exist and that there is a conflict of interest arising from such directed brokerage practices. You should be aware that transactions for accounts which we have been instructed by you, or by the brokerage firm in the event of a wrap fee arrangement, to direct to a specified brokerage firm may be placed subsequent to transactions we enter for client accounts where we determine the brokerage firm through which to execute transactions for clients. This may result in less favorable execution for those accounts where we have been instructed by you to direct trades to a specified brokerage firm for execution.

You should be aware that you have brokerage options which you should consider other than instructing us to direct to your transactions to a particular brokerage firm including the use by us of other brokerage firms we determine to use for execution of client transactions possibly at a lower commission cost and that this option may be available through us.



**Blocked Transactions:** We may group or block orders from time to time for the same security for more than one client account in order to more effectively execute the orders. This is what is known as a “block transaction”. This process can create trading efficiencies, prompt attention to the order and improved price execution since the block transaction may be executed at various prices but averaged as to price. Therefore, clients whose transactions are part of the block transaction will receive the same average price and trading costs. Related fee-paying accounts of our employees may be included in such block transactions. Where such block transactions are not fully executed, we will seek to allocate the executed portion of the block transaction on a basis which we consider fair to our clients over time. Generally, this will mean a pro rata allocation or allocation on a rotational basis although we may, in certain circumstances, allocate purchases or sales on some other basis, after consideration of factors such as taxability of the account, cash available for investment, asset mix of the account, objectives and restrictions of the account, company and industry concentrations, broker designations specified by the client, size of the execution versus the total order size, and partial positions versus full positions. Any employee transactions will be excluded from block transactions which are not fully executed.

**Trade Errors:** Errors in executing client transactions may occur from time to time which we will seek to correct on a timely basis so that you will not incur a loss or other costs as a result of any such errors. Any loss or costs incurred as a result of the correction of such errors will be borne by us or by your broker/custodian while any market gains result from the correction of such errors will usually be retained by your broker/custodian or by you.

## **REVIEW OF ACCOUNTS**

Our clients’ accounts are reviewed on a quarterly basis by the individual portfolio manager with primary responsibility for the particular account in conjunction with another portfolio manager. The portfolio managers responsible for such reviews are Samuel Harvey, President, Joshua Jevne, Senior Vice President, Mary Herrmann, Senior Vice President, and Hunter Noble, Vice President. Factors which may trigger more frequent reviews include change in client investment objectives or circumstances such as retirement or a large contribution or withdrawal to or from an account, significant developments or events specific to a particular security held in the account, or significant market, economic or political developments.

We will provide you written reports concerning your account(s) with us on a periodic basis. These are typically provided during client meeting or as particular conditions warrant although clients can request that written reports be provided to them on a regular basis. These reports vary from client to client but may include details of the date of purchase and cost basis for each security as well as market value and income yield and the current and historical performance for the account, separated by asset classes and possibly grouped with other accounts related to you. The report you receive from us may track all

activity including income earned, contributions, withdrawals and capital gains. You will also receive an invoice or a statement for our quarterly fee. If you are involved in a wrap fee arrangement as described in the section on Advisory Business, you may receive a report including those assets of yours for which we are providing services directly from the brokerage firm which created the wrap fee arrangement. You should also receive written reports directly from your custodian concerning your account(s) which generally contain information relating to all transactions and other account activity.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

It is our policy not to engage third party solicitors to refer potential clients to us.

However, we do compensate our employees, including our portfolio managers, who refer potential clients to us for our services. Thus, the employee will have a financial interest in the selection of Harvey by the client for investment management services.

Please refer to the section on Brokerage Practices in our brochure for information on other economic benefits we may receive for providing services to you.

## **CUSTODY**

In addition to any account statements you may receive from us, you will receive account statements directly from your custodian on at least a quarterly basis although you may receive them on a monthly basis. You should carefully review these statements and compare these statements to statements you receive from us for any discrepancies. You should also remember that the statements you receive from your custodian are your official record of your accounts and assets for tax purposes.

## **INVESTMENT DISCRETION**

We will accept discretionary investment authority over your assets if you agree to such an arrangement. This is typically accomplished through execution of a limited trading authority or similar written authority contained in your client agreement with us or through similar authority contained in a wrap fee arrangement you may execute with the brokerage firm which established the wrap fee arrangement. When executing your client agreement with us, you can further limit the extent of discretionary investment authority to be granted to us although this may impact the level of services we can provide you. You may also place restrictions on our authority such as instructions not to make investments in certain industries or to not sell certain investments you may have due to possible adverse tax consequences to you.

## **VOTING CLIENT SECURITIES**

We have policies and procedures in place for voting proxies relating to certain investments in your account(s) with us designed to result in the voting of proxies in our clients' best interests. We generally adhere to predetermined voting guidelines and will typically vote with recommendations from the management of the particular investment in your account on certain routine financial and corporate governance matters although we will generally vote against recommendations which we believe are contrary to our clients' best interest. In addition, we will evaluate extraordinary matters such as mergers, asset transactions or other such corporate transactions on their individual merits. We do not vary from our guidelines due to any potential conflict of interest we may have including business or personal relationships with management or other business interests or considerations. Generally, we do not allow clients to instruct us how to vote specific proxies although we will consider such instructions upon request. You may obtain a complete copy of our policies and procedures for voting proxies and a record of how we have voted the proxies for your investments by contacting us through the contact information we included on the Cover Page of this brochure.

## **FINANCIAL INFORMATION**

This section does not apply to Harvey Investment Company, LLC as we have never filed for bankruptcy nor are we subject to any financial conditions which could impair our ability to meet our obligations to you.