



Horizon Advisors, LLC

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This brochure provides information about the qualifications and business practices of Horizon Advisors, LLC. If you have any questions about the contents of this brochure, please contact us at 713-748-7000 and/or lmaddox@Horizon-Advisors.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 Horizon Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes

Because much of the information in this Part 2A of Form ADV is additional information not previously provided in our Part II of Form ADV, we recommend that you read this Part 2A of Form ADV in its entirety.

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ADVISORY BUSINESS

Advisory Firm Description

Horizon Advisors, LLC ("Horizon Advisors," "Horizon" or the "Firm") has been in business since March 1999. The principal owners are Lawrence E. Maddox and Joseph W. Thomson III, Owen M. Murray and Henry S. Bragg.

Types of Advisory Services

Horizon Advisors is an independent, fee-only financial advisor offering comprehensive wealth management advice coupled with discretionary investment advisory and management services.

Financial Planning Service

Horizon Advisors provides financial planning services to its clients on a comprehensive basis, depending on each particular client's needs. A planning engagement may address (for example) some or all of the following matters:

- Investment advice and recommendations
- Evaluating survivorship needs
- Insurance requirements
- Planning for retirement
- Educational funding
- Estate planning

Investment Advisory Service

Clients may also engage Horizon to act as an independent investment advisor on their behalf. After gaining a mutual understanding of the client's personal financial goals and objectives, the client and Horizon agree to a written Investment Policy Statement ("IPS"). This IPS will articulate the asset allocation and investment approach which Horizon will implement on the client's behalf. Horizon will then have discretion to implement and manage the client's investments in accordance with the IPS. Investments generally include a diversified selection of mutual funds, ETFs (Exchange Traded Funds), stocks, bonds, other investment vehicles or use of outside managers. (See further discussion in the section titled "Fees and Compensation" regarding mutual funds, separately managed accounts and applicable fees associated with each.)

Once an investment portfolio is implemented, Horizon provides ongoing review and due diligence on the performance of the recommended investments and money managers. Horizon will monitor the performance of its clients' portfolios and will hire and fire managers and buy and sell investments as appropriate to ensure that the desired investment policy is being followed. Horizon will also periodically rebalance clients' portfolios to maintain the appropriate asset allocation.

Tailored Advisory Services

Clients may instruct Horizon not to purchase or sell certain investments on their behalf or to limit such trades to specified amounts.

Separately Managed Accounts

For certain larger accounts, Horizon may engage separate account managers (“SAMs”) on a direct basis, or through access to a custodian’s program [i.e., Charles Schwab Managed Accounts, or Envestnet Asset Management (“Envestnet”)], collectively (the “Platform”). These accounts, which consist of individual securities (as opposed to mutual funds) are managed by investment advisors who are not affiliated with Horizon.

When a client uses a SAM, fees are charged to the account in addition to Horizon’s advisory fee (Horizon’s fee for this type of service is described in the Fee section). These additional fees are manager and program fees paid to the Platform for its administrative support. These Platform fees are fully disclosed to clients who choose to utilize these services and vary depending on:

- 1) the manager used and its investment style;
- 2) the size of the client’s investment with a particular manager; and
- 3) the size of the client’s overall portfolio.

The managers used in this fashion are institutional money managers, are registered with the SEC and provide additional disclosure to Horizon’s clients.

Fees for these accounts are usually charged in advance and are based on the market value of each account’s holdings (as valued by the custodian) at the end of the period (either monthly or quarterly). These fees are deducted from the client’s account by the Platform, which then retains its fee and remits the appropriate portion of the fee to the SAM and the custodian.

Wrap Fee Programs

Some of the separately managed accounts as discussed above participate in “wrap fee programs,” where transaction fees are included in the asset-based fee collected from the account. Horizon’s fee remains the same with separately managed accounts whether an account is in a wrap program or pays a fee to the custodian with each transaction.

Client Assets Under Management

At December 31, 2010, Horizon had \$130,064,421 of discretionary assets and \$27,612,736 of non-discretionary assets under management.

FEES AND COMPENSATION

Financial Planning Service

The fee for completion of a comprehensive or segmented planning engagement depends on each client’s needs and the complexity of his or her circumstances. Generally, fees are based on the hourly professional billing rates of the individuals involved, with rates ranging from \$150 to \$350 per hour. Estimated fees and payment arrangements (which may be charged on an hourly basis or as a fixed fee) for planning engagements will be discussed and agreed upon with clients in advance. At no time is a client charged \$1,200 or more six months or more in advance.

Investment Advisory Service

Fees for Horizon's investment advisory service are calculated either as a percentage of the assets under management (using the custodian's valuation of the assets at prior quarter-end) or as an agreed-upon fixed fee amount. Unless agreed otherwise, Horizon deducts its fee directly from the client's custodial account each quarter, in advance. If the inception of an investment agreement occurs during a quarter, all of the applicable fees will be prorated for the remaining days in the current quarter and will be charged at the inception of Horizon's portfolio management.

Annual asset-based fees for Horizon's investment advisory service are based upon the total assets under management according to the following schedule:

- 1.25% of the first \$500,000 of assets under management
- 1.00% of the next \$500,000
- 0.75% of the next \$2,000,000
- 0.50% of assets over \$3,000,000
- 0.35% of assets over \$5,000,000

The preferred minimum annual fee is \$11,250 and is negotiable.

Consultations regarding investments not resulting in investment management or investment advising will be charged at hourly rates ranging from \$150 to \$350 per hour, depending upon the experience and expertise of the individual providing the service. Such charges will be agreed to before the consultation occurs.

Other Fees: Client accounts pay directly for fees assessed by the custodian, such as transaction, wire, exchange, or custodial fees.

Implementation with Mutual Funds: When Horizon recommends a mutual fund for a client's account, three separate fees may be charged to the client, either directly or indirectly. The first fee is Horizon's investment management fee where the fund is included in the asset base for the quarterly fee calculation. The second is the set of internal fees charged by the investment company for the fund's investment management, marketing, administration and marketing assistance. These internal expenses are disclosed in each fund's prospectus which is provided to each client by the custodian. (This set of fees also applies to any money market fund purchased in the client's account.) The third fee may be a transaction fee which is assessed by the custodian for its service of providing access to a universe of mutual fund families through one account. To avoid such fees a client would be required to open a separate account with each individual mutual fund company instead of using the custodian recommended by Horizon, which would also negatively affect Horizon's ability to deliver its services efficiently. Not all mutual fund trades enacted by Horizon incur this transaction fee. When recommending mutual funds for client portfolios, Horizon only recommends no-load funds.

Implementation with Separate Account Managers ("SAMs"): When Horizon recommends a Separate Account Manager, four sets of fees may be charged to the client, either directly or indirectly. First, Horizon charges its investment management fee, as shown above. Second, each Platform deducts all appropriate fees from each

client account. The Platform retains its fee (second) and distributes the appropriate amount to the SAM (third) and to the custodian (e.g., Fidelity, fourth), if applicable.

All meetings, communications, delivery charges and reports for each service are included in the hourly or quarterly fees.

All financial planning, investment advisory and custody and reporting fees are negotiable, depending on the complexities and specific circumstances of each client's situation. Therefore, different clients may pay different amounts for similar services from the Firm.

Termination

Either party may terminate the relationship with Horizon at any time. Termination will be effective immediately, with any unearned prepaid fees returned on a prorated basis. Unearned financial planning fees will be returned at the rate of \$200 per hour.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Horizon does not receive performance-based fees, so this section does not apply to Horizon.

TYPES OF CLIENTS

Horizon's clients include successful professionals who are accumulating their wealth and retirees who are interested in maintaining their current lifestyles and preserving their wealth.

Horizon provides investment advice to the following types of clients:

- Individuals
- High net worth individuals
- Pension and profit sharing plans
- Trusts, estates, charitable organizations
- Other business entities

Horizon prefers a client to have at least \$1 million in investment assets in order to act as investment manager. The preferred minimum annual fee is \$11,250. The minimum account size and fee are negotiable.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Horizon uses the following sources of information in its analysis:

- Financial newspapers and magazines
- Research materials prepared by others
- Corporate rating services
- Annual reports, prospectuses, filings with the Securities and Exchange Commission
- Company press releases

The investment strategies used by Horizon to implement investment advice include the following:

- Long-term purchases (securities held at least a year)
- Short-term purchases (securities sold within a year)
- Margin transactions (which are used only occasionally)

When mutual funds are used to implement a portfolio, Horizon chooses from mutual funds available through Fidelity Institutional Wealth Services ("Fidelity") and Charles Schwab & Co., Inc. ("Schwab"). Horizon performs its own due diligence in the selection of these mutual funds.

Other Investment Vehicles

Horizon advises some clients who invest in private partnerships including but not limited to pooled investment vehicles. Horizon charges a fee for the service, which may be included in Horizon's management fee or may be charged as a separate fee. Either way, the fee is fully disclosed and agreed to by the client before the investment is made.

The Firm does not guarantee the future performance of the account or any specific level of performance, the performance of any investment decision or strategy that the Firm may use, or the performance of the Firm's overall management of the account. The client is reminded that investment decisions made for the account by the Firm are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

DISCIPLINARY INFORMATION

Neither Horizon nor any of its personnel has any material disciplinary or legal events or sanctions to disclose.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Relationships with Affiliated Professionals

Mr. Maddox and Mr. Thomson of Horizon Advisors are also officers of Maddox Thomson & Associates, P.C., ("Maddox Thomson") a related certified public accounting firm which provides tax advice and preparation services. Maddox Thomson and Horizon personnel share office space. Members of each firm work closely together to provide comprehensive financial and accounting solutions for their mutual clients. Mr. Maddox spends the majority of his time on matters pertaining to Horizon, while Mr. Thomson concentrates his time on matters pertaining to Maddox Thomson & Associates, P.C.

Relationships with Separate Account Managers

Horizon may arrange with Platforms (described previously in the Advisory Business section) to access SAMs. Each Platform may provide Horizon with information useful in conducting its due diligence of the underlying managers recommended by the Platform.

Horizon may also enter into direct relationships with other SAMs to provide appropriate investment advice and execution to Horizon's clients. In the event that another advisor is responsible for the implementation of some portion of a client's Investment Policy, the arrangement and any fees associated with the arrangement will be fully discussed with the client and will be appropriately disclosed in the Agreement.

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

Code of Ethics

Horizon has adopted a Code of Ethics which describes the general standards of conduct that the Firm expects of all Firm personnel (collectively referred to as "employees") and focuses on three specific areas where employee conduct has the potential to adversely affect the client: misuse of confidential information; personal securities trading and outside business activities. Failure to uphold the Code of Ethics may result in disciplinary sanctions, including termination with the Firm. Any client or prospective client may request a copy of the Firm's Code of Ethics which will be provided at no cost.

The following basic principles guide all aspects of the Firm's business and represent the minimum requirements to which the Firm expects employees to adhere:

- Horizon acts as a fiduciary, therefore, clients' interests come before employees' personal interests and before the Firm's interests.
- The Firm must fully disclose all material facts about conflicts of which it is aware between the Firm and its employees' interests on the one hand and clients' interests on the other.
- Employees must operate on the Firm's behalf and on their own behalf consistently with the Firm's disclosures and to manage the impacts of those conflicts.
- The Firm and its employees must not take inappropriate advantage of their positions of trust with or responsibility to clients.
- The Firm and its employees must always comply with all applicable securities laws.

Misuse of Nonpublic Information

The Code of Ethics contains a policy against the use of nonpublic information in conducting business for the Firm. Employees may not convey nonpublic information nor depend upon it in placing personal or client securities trades.

Personal Securities Trading

Horizon personnel may own securities that Horizon recommends to clients or has purchased for clients' accounts. Horizon's policy allows Horizon's personnel to trade in their own accounts simultaneously with or after clients. At no time may any individual affiliated with Horizon trade in a manner which may be in conflict with clients.

To mitigate conflicts of interest, Horizon has established the following policies:

- An officer, director or employee of Horizon shall not buy or sell securities for a

personal portfolio when the decision to purchase is substantially derived, in whole or in part, by reason of employment with Horizon, unless the information is also available to the investing public on reasonable inquiry. No person associated with Horizon shall prefer his or her own interest to that of any client.

- Employees must receive pre-approval from the Chief Compliance Officer to trade equities or to participate in an initial public offering or private placement.
- Employees may trade ETFs without pre-approval if such trades are included in block trades with clients or are placed in the last trading hour of the day, which will succeed client trades.
- Each employee must submit records of his or her personal securities trades quarterly and submit holdings of reportable securities annually to the Chief Compliance Officer for review to ensure that the employee is in compliance with Horizon's policies.
- Infractions of Horizon's trading policies may be grounds for disciplinary action, including termination.
- Employees will not accept gifts from vendors, broker-dealers or others in a business capacity exceeding \$100 in value.

Horizon employees, on occasion, attend business conferences and meetings conducted by the investment managers, custodians and third-party partners used by Horizon. Employees attend these conferences solely for the purpose of knowledge enhancement and constructive learning. Firm personnel will not allow themselves to be put in a position where they "owe" vendors as a result of taking advantage of vendor hospitality. The Chief Compliance Officer will make the final determination as to what forms of entertainment and hospitality are considered excessive and are therefore unacceptable.

Outside Business Activities

Employees are required to report any outside business activities generating revenue. These activities must be approved by Horizon's Chief Compliance Officer to ensure no conflict exists between these activities and interests of Horizon clients.

BROKERAGE PRACTICES

Horizon Advisors suggests that its investment management clients select brokerage services offered by Fidelity Institutional Wealth Services ("Fidelity") or Charles Schwab & Co., Inc ("Schwab"). Each custodian provides specific services to Horizon, allowing Horizon to operate effectively and efficiently in serving its clients, and offers discounted commissions to clients. Each also provides a wide range of investments at no transaction charge to clients. Fidelity and Schwab commissions charged to Horizon clients are subject to negotiation, depending on the size of the account, frequency of trading and other specific circumstances. Each custodian sends clients complete custodial statements on a monthly basis and also provides web access to client accounts.

The Firm has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (collectively, and together with all affiliates, "Fidelity") through which Fidelity provides the Firm with "institutional platform services." The institutional platform services include, among others, brokerage, custody, and other related services. Fidelity's institutional platform services that assist the Firm in managing and

administering clients' accounts include software and other technology that (i) provide access to client account data (such as trade confirmations and account statements); (ii) facilitate trade execution and allocate aggregated trade orders for multiple client accounts; (iii) provide research, pricing and other market data; (iv) facilitate payment of fees from its clients' accounts; and (v) assist with back-office functions, recordkeeping and client reporting.

Fidelity also offers other services intended to help the Firm manage and further develop its advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third party service providers who provide a wide array of business related services and technology with whom the Firm may contract directly.

The Firm is independently operated and owned and is not affiliated with Fidelity.

Fidelity generally does not charge its advisor clients separately for custody services but is compensated by account holders through commissions and other transaction-related or asset-based fees for securities trades that are executed through Fidelity or that settle into Fidelity accounts (i.e., transactions fees are charged for certain no-load mutual funds, commissions are charged for individual equity and debt securities transactions). Fidelity provides access to many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges.

Horizon selects broker-dealers by using one or more of the following criteria: brokerage commission rates, standard profit margins on non-commission securities, product availability, execution capability and quality of research regarding specific markets and/or securities. The client may pay commissions which are higher than those obtainable from other broker-dealers in return for the value of services provided to the client or Horizon by a specific broker-dealer.

In recommending brokers, Horizon attends to its duty to obtain best execution by considering the range and quality of the products the broker offers, the technical support the broker provides, the broker's execution capability, the commission structure, the financial stability of the broker and the responsiveness of the broker to Horizon.

Research and Other Soft-Dollar Benefits

Horizon currently has no formal soft-dollar arrangements, where specific products or services are paid for with soft dollars generated by individual trades Horizon places in client accounts. The custodian(s) used by Horizon's clients provide Horizon with services that allow the firm to operate more efficiently, such as electronic availability of client account information and trade confirmations, and access to specialized customer service personnel. Horizon may receive access to certain custodians' proprietary account management and data transmission services to enable Horizon to trade clients' accounts electronically. The custodian(s) and Platforms(s) may also provide Horizon with due diligence material on money managers and access to electronic investment proposal systems. Horizon enjoys increased administrative ease and, hence,

profitability because of these services provided by these custodians. Because of the volume of assets that Horizon clients have directed to these firms, these custodians make certain products and services available to Horizon at reduced or waived fees.

Brokerage for Client Referrals

The Firm does not receive referrals from any broker-dealer.

Directed Brokerage

If the client has engaged Horizon to provide asset management services, Horizon and any subadvisors will select broker-dealers to execute transactions involving the account, *unless the client directs otherwise in writing*. If this is the case, the client is reminded that Horizon may be unable to attain best execution for that account, and will be unable to aggregate that account with others when aggregating trades.

Order Aggregation

Horizon may group trades in the same security across client accounts into a single, or “block” trade. These blocks may be executed in pieces at different prices on the same day, but all shares participating in the block are assigned the same average price per share at the end of the day. Blocks are allocated across accounts as appropriate, and Horizon employees may participate in blocks with clients. In the rare event that a block order is partially filled, the shares would be allocated on a pro rata basis, with employees receiving no shares until all client orders are filled.

Trade errors are managed differently by Horizon’s custodians. Schwab “forgives” errors of less than \$100. Fidelity does not. In all cases, in the event of a loss, the client is made whole, either by Schwab or by Horizon.

REVIEW OF ACCOUNTS

Either Mr. Maddox, President of the Firm, or Owen Murray, Director of Investment Research and Portfolio Design, review all accounts at least monthly. Additional reviews are conducted as conditions warrant. Factors triggering additional reviews may include but are not limited to:

- Change in market conditions
- Change in managers
- Change in client’s financial condition or objective
- Major news items or rapid price movement
- Style drift

Horizon provides each client of its investment advisory service the following reports on at least a quarterly basis: a statement of portfolio holdings; net contributions detail; a statement of performance for the most recent quarter, trailing 12 months, trailing 36 months and since inception. Clients are reminded to compare the statements from Horizon with the account statements from their custodian, and to contact both Horizon and the custodian if there are material discrepancies. Additional periodic reports are provided as requested.

CLIENT REFERRALS AND OTHER COMPENSATION

Horizon does not pay outside individuals or entities for referring clients.

CUSTODY

Since the Firm is given authority by its clients to deduct its advisory/management fee, the SEC deems the Firm to have a form of custody. (Custody is defined as the Firm's having any access to clients' cash or securities.)

Mr. Maddox and Mr. Thomson serves as trustee for several client accounts managed by Horizon. Mr. Maddox also serves as a trustee or director on private foundations whose accounts are managed by Horizon. Maddox Thomson ("MTA") writes checks for a client who also has an account managed by Horizon. Because of these activities, Horizon and a related party have custody of funds and/or securities in each of these accounts. These accounts are examined on a surprise basis at least annually by an outside public accounting firm.

With the exception of these accounts, the Firm has no custody of client securities or funds and requires the use of an outside "qualified" custodian that is a bona fide financial institution and sends statements directly to clients at least quarterly. This is the case for both Fidelity and Schwab.

INVESTMENT DISCRETION

The Firm has full trading authority over client accounts under a limited power of attorney as described in the Client Agreement. As a result, Horizon will determine both the investments, and how much of each, should be purchased or sold on each client's behalf. Clients may place restrictions on the Firm's discretion in writing.

VOTING CLIENT SECURITIES

Horizon votes proxies for its clients to determine if participation is warranted on behalf of its clients. Any client may request a copy of Horizon's proxy policy and to see or receive records showing how Horizon has voted on the client's behalf. (Proxies held in accounts managed by outside managers are voted by those managers. Horizon only votes proxies for securities it manages directly.)

Unless the client has instructed Horizon not to vote proxies on his/her behalf, Horizon instructs the custodian to forward to Horizon copies of all proxies and shareholder communications relating to securities held in the client's account (other than materials relating to legal proceedings).

When it is determined that voting a proxy is in the relevant clients' best interests, Horizon generally votes with management recommendations. Exceptions will be evaluated and documented on a case-by-case basis in consultation with the Chief Compliance Officer.

FINANCIAL INFORMATION

Horizon is not required to provide financial information at this time.