

Part 2A of Form ADV: *Firm Brochure*



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This brochure provides information about the qualifications and business practices of Horter Investment Management, LLC.. If you have any questions about the contents of this brochure, please contact us at 513-984-9933 or judy@him-ria.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 Horter Investment Management, LLC. also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 119880.

Item 2 Material Changes

The SEC adopted "Amendments to Form ADV" in July, 2010. This Firm Brochure, dated 02/04/2011, is our new disclosure document prepared according to the SEC's new requirements and rules. As you will see, this document is a narrative that is substantially different in form and content, and includes some new information that we were not previously required to disclose.

After our initial filing of this Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Item 3	Table of Contents	Page
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	17
Item 6	Performance-Based Fees and Side-By-Side Management	20
Item 7	Types of Clients	20
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	21
Item 9	Disciplinary Information	22
Item 10	Other Financial Industry Activities and Affiliations	23
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	25
Item 12	Brokerage Practices	27
Item 13	Review of Accounts	28
Item 14	Client Referrals and Other Compensation	30
Item 15	Custody	30
Item 16	Investment Discretion	31
Item 17	Voting Client Securities	31
Item 18	Financial Information	31

Item 4 Advisory Business

Horter Investment Management, LLC. is a SEC-registered investment adviser with its principal place of business located in OH. Horter Investment Management, LLC. began conducting business in 1991.

Listed below are the firm's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Drew K Horter, Owner

Horter Investment Management, LLC. offers the following advisory services to our clients:

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's Portfolio Summary and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Because some types of investments involve certain additional degrees of risk, they will only be implemented/recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

INDIVIDUAL PORTFOLIO MANAGEMENT

Our firm provides continuous asset management of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop a client Portfolio Summary. We create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we may also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary or non-discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, low

risk and low volatility), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Once the client's portfolio has been established, we review the portfolio quarterly or semi-annually, and if necessary, rebalance the portfolio on an annual basis, based on the client's individual needs.

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

THE FIRM'S INVESTMENT STRATEGIES AND THE SELECTION AND MONITORING OF THIRD-PARTY MONEY MANAGERS

Our Firm' offers two (2) investment strategies. We also offer advisory management services to our clients through our Horter Investment Management LLC's Investment Strategies and Selection and Monitoring of Third-Party Money Managers programs (hereinafter, "Programs").

Our firm provides the client with an asset allocation strategy developed through personal discussions in which goals and objectives based on the client's particular circumstances are established. This asset allocation strategy is drafted into the client's Portfolio Summary.

Based on the client's individual circumstances and needs (as exhibited in the client's Portfolio Summary) we will then perform management searches of various unaffiliated registered investment advisers to identify which registered investment adviser's portfolio management style is appropriate for that client. Factors considered in making this determination include account size, risk tolerance, the opinion of each client and the investment philosophy of the selected registered investment adviser. Clients should refer to the selected registered investment adviser's Firm Brochure or other disclosure document for a full description of the services offered. We are available to meet with clients on a regular basis, or as determined by the client, to review the account.

Once we determine the most suitable investment adviser(s) for the client, we provide the selected adviser(s) with the client's Portfolio Summary. The adviser(s) then creates and manages the client's portfolio based on the client's individual needs as exhibited in the Portfolio Summary.

We monitor the performance of the selected registered investment adviser(s). If we determine that a particular selected registered investment adviser(s) is not providing sufficient management services to the client, or is not managing the client's portfolio in a manner consistent with the client's Portfolio Summary, we may suggest that the client contract with a different registered investment adviser and/or program sponsor. Under this scenario, our firm assists the client in selecting a new registered investment adviser and/or program. However, any move to a new registered investment adviser and/or program is solely at the discretion of

the client.

PROGRAMS:

Portfolio Management Services – The Firm provides asset management of client's funds. The Firm diversifies and manages the client's portfolio. Investments are determined based upon the client's investment objectives, risk tolerance, net worth, net income and other various suitability factors. The Firm may manage the client's account on an individualized basis or use an established portfolio mixed for all clients. Further restrictions and guidelines imposed by clients affect the composition and performance of portfolios. For those reasons, performance of portfolios within the same investment objective may differ and clients should not expect that the performance of portfolios will be identical with the average client of the Firm. The Firm will furnish to clients, at a minimum, semi-annual performance evaluation reports. The internal reports are intended to inform clients as to the performance of their investments for the elected period.

The Firm's primary portfolio management offerings consist of five mutual fund advisory platforms: (1) PEAK Fund Management, for equity mutual funds and managed by the Firm; (2) PEAK Balanced Portfolio; (3) Bond Asset Allocation Program, for fixed-income mutual funds and managed subject to a sub-investment advisory agreement with BTS Asset Management, Inc; (4) Ocean Park High Yield Corporate Bond Program; and (5) Horter Long/Short Program. Each program is described below.

(1) PEAK Fund Management

PEAK Fund Management ("PEAK") is the flagship mutual fund portfolio strategy managed by the Firm comprising of no-load, low expense equity mutual funds. The Firm employs a quantitative and rigid screening process when selecting high-quality mutual funds for the portfolio. Asset class diversification is a key component of the strategy. Sector momentum and cyclical opportunities to enhance portfolio value are integrated as well for a portion of assets.

PEAK seeks long-term capital appreciation and has a minimum investment time horizon of 7-8 years. Some Key and distinguishing facts and characteristics about PEAK include the following:

- PEAK consists primarily of no load equity mutual funds.
- PEAK seeks mutual funds that are highly rated funds by Morningstar, a third party mutual fund advisor.
- PEAK seeks mutual funds that have internal expenses less than the industry average of 1.7%.
- PEAK generally requires that the funds in the portfolio out-perform the S&P 500 by at least 3% per year. PEAK may also include funds in under-performing sectors that present favorable opportunities in terms of valuations or anticipated performance growth.

- PEAK makes sure the Fund Management that built the historical track record remains with the fund. The fund manager “is” the fund and if the management tenure has been compromised, the fund will be removed from the portfolio. Manager’s tenure is critical.

- PEAK diversifies among several asset classes: Large cap value and growth; Mid cap value and growth; small cap value and growth; International funds; and Sector and “Specialty” funds that perform well based on the economic cycle (e.g., real estate, energy), low valuations, or specific country or region opportunities.

- PEAK seeks those funds that have historically done well in an “up” stock market, a “down” stock market and a “sideways” stock market.

Different funds offered in the PEAK Fund Management Portfolio may have minimum investment amounts; therefore, accounts with a balance of less than \$25,000 will not be invested in all funds that make up the PEAK Fund Management Portfolio. Investors can lose money with these funds or any future funds added to the portfolio. This material is not intended to show the actual performance of the PEAK Fund Management. Actual returns may be higher or lower. Past performance is no guarantee of future results.

PEAK clients may pay advisory fees according to the following annual fee schedule:

<u>Assets Under Management</u>	<u>Annual Management Fee</u>
First \$250,000	2.0% Annually
\$250,001 to \$750,000	1.50% Annually
\$750,001 to \$1,000,000	1.00 % Annually
Over \$1,000,000	Negotiable

Under certain circumstances, the fee schedule for accounts with assets under management of more than \$1,000,000 may be negotiable. Firm reserves the right to negotiate any fee schedule at its sole discretion.

For most clients, fees for portfolio management services are payable in arrears and assessed quarterly based on the fair market value of the assets under management as of the last business day concluding each quarterly period. The quarterly payment schedule is explained on page five (5): Appendix A, of the Client Agreement. Fees can only be changed in writing by agreement of the parties.

For some clients, fees for portfolio management services are payable in advance and assessed semi-annually based on the fair market value of the assets under management as of the last business day of the concluding semi-annual period. The semi-annual payment schedule is explained on page five (5): Appendix A, of the Client Agreement. Fees shall be pro-rated for additions or withdrawals during each semi-annual billing period. Fees can only be changed in writing by agreement of the parties.

The client has granted limited access to withdraw the above management fees from the client’s PEAK account automatically as outlined in the Client Agreement. The brokerage firm

or custodian of the account is advised in writing of the limitation on the Firm's access to the account.

Direct clients of the Firm will receive a Quarterly Financial Review detailing the end of quarter (March, June, September and December) value of all accounts opened because of the Firm's recommendations. Investment Advisor Representatives may also provide these Quarterly Reviews to their clients; however this is not required by the Firm. Because these Quarterly Reviews are created using the account's end of quarter balance, they do not reflect the management fees that will be taken for that quarter. Clients should refer to their Billing Statements, either Quarterly or Semi-annually depending on their Client Agreement's fee schedule, to see the fees that have been deducted from the account.

Any client who wishes to terminate their agreement with the Firm can do so at anytime. The request to terminate an agreement must be made in writing and must be signed by the client. Any client terminating an agreement within five (5) business days of signing the agreement will be entitled to a full refund of their deposit without penalty. After five (5) business days, either party may terminate the Client Agreement by notifying the other party by registered or certified mail, and the client is entitled to receive a refund less time and effort expended by the Firm.

Any client exiting PEAK within 90 days will be charged a \$200 exit fee by Horter Investment Management, LLC, in addition to any accrued management fees for the time they were invested in the PEAK Fund portfolio. All accounts may be charged custodial fees upon termination from Pershing Advisor Solutions, LLC.

The Firm manages client assets utilizing mutual funds. Mutual funds may charge their shareholders operating expenses or other costs that are separate, and in addition to, the advisory fee charged by the Firm. A complete description of the expenses and other costs associated with a particular mutual fund is provided in that fund's prospectus.

As with any new investment, a client may incur certain costs, such as capital gains taxes or surrender fees when selling or redeeming securities or other holdings to invest in the portfolio managed by the Firm. Such costs will vary on a case-by-case basis. Firm, Investment Advisor Representatives or Solicitors of the Firm are required to discuss any such costs that may pertain to a specific client prior to the client investing any funds in the PEAK Fund Management portfolio. Client should consider such costs before making any changes to their portfolio.

All client assets will be held by the custodian of the account, Pershing Advisor Solutions, LLC. For all PEAK Fund Management accounts, Pershing, LLC is responsible for placing all securities trade orders for clients. The Firm will not hold customer funds or securities. The Firm also enters into directed brokerage agreements at a client's direction.

(2) PEAK Balanced Portfolio

- The equity portion of the portfolio may have large cap mutual funds, mid cap funds, small cap funds, international funds and sector or specialty funds. The fixed portion of the portfolio may invest in investment grade domestic high yield bonds, global or world bond funds, hybrid

bond funds, money market funds, or specialty bonds portfolios (closed end load funds or exchange traded funds).

- PEAK Balanced Portfolio is a no load balanced mutual fund strategy (60% equity mutual funds and 40% bond funds) developed and managed by Horter Investment Management, LLC. PEAK Balanced Portfolio is not a registered mutual fund as that term may be defined in the Investment Company Act of 1940. At any time the mutual funds comprising the PEAK Balanced Portfolio may change.

Different funds offered in the PEAK Balanced Portfolio may have minimum investment amounts; therefore, accounts with a balance of less than \$25,000 will not be invested in all funds that make up the PEAK Balanced Portfolio. Investors can lose money with these funds or any future funds added to the portfolio. This material is not intended to show the actual performance of the PEAK Balanced Portfolio. Actual returns may be higher or lower. Past performance is no guarantee of future results.

- PEAK Balanced Portfolio clients pay advisory fees according to the following annual fee schedule:

<u>Assets Under Management</u>	<u>Annual Management Fee</u>
First \$250,000	2.0%
\$250,001 to \$750,000	1.50%
\$750,001 to \$1,000,000	1.00 %
Over \$1,000,000	Negotiable

- Under certain circumstances, the fee schedule for accounts with assets under management of more than \$1,000,000 may be negotiable. Firm reserves the right to negotiate any fee schedule at its sole discretion.

- For all PEAK Balanced Portfolio accounts fees for portfolio management services are payable in arrears and assessed quarterly based on the fair market value of the assets under management as of the last business day concluding each quarterly period. The quarterly payment schedule is explained on page six (6): Appendix B, of the Client Agreement. Fees can only be changed in writing by agreement of the parties.

The client has granted limited access to withdraw the above management fees from the client's PEAK Balanced account automatically as outlined in the Client Agreement. The brokerage firm or custodian of the account is advised in writing of the limitation on the Firm's access to the account.

Direct clients of the Firm will receive a Quarterly Financial Review detailing the end of quarter (March, June, September and December) value of all accounts opened because of the Firm's recommendations. Investment Advisor Representatives may also provide these Quarterly Reviews to their clients; however this is not required by the Firm. Because these Quarterly Reviews are created using the account's end of quarter balance, they do not reflect the management fees that will be taken for that quarter. Clients should refer to their Quarterly Billing Statements to see the fees that have been deducted from the account.

Any client who wishes to terminate their agreement with the Firm can do so at anytime. The request to terminate an agreement must be made in writing and must be signed by the client. Any client terminating an agreement within five (5) business days of signing the agreement will be entitled to a full refund of their deposit without penalty. After five (5) business days, either party may terminate the Client Agreement by notifying the other party by registered or certified mail, and the client is entitled to receive a refund less time and effort expended by the Firm.

Any client exiting the PEAK Balanced Portfolio within 90 days will be charged a \$200 exit fee by Horter Investment Management, in addition to any accrued management fees for the time they were invested in the PEAK Balanced portfolio. All accounts may be charged custodial fees upon termination from Pershing, LLC.

- The Firm manages client assets utilizing 60% equity mutual funds and 40% bond mutual funds. Mutual funds may charge their shareholders operating expenses or other costs that are separate, and in addition to, the advisory fee charged by the Firm. A complete description of the expenses and other costs associated with a particular mutual fund is provided in that fund's prospectus.

As with any new investment, a client may incur certain costs, such as capital gains taxes or surrender fees when selling or redeeming securities or other holdings to invest in the portfolio managed by the Firm. Such costs will vary on a case-by-case basis. Firm, Investment Advisor Representatives or Solicitors of the Firm are required to discuss any such costs that may pertain to a specific client prior to the client investing any funds in the PEAK Balanced portfolio. Client should consider such costs before making any changes to their portfolio.

All client assets will be held by the custodian of the account, Pershing, LLC. For all PEAK Fund Management accounts, Pershing, LLC is responsible for placing all securities trade orders for clients. The Firm will not hold customer funds or securities. The Firm also enters into directed brokerage agreements at a client's direction.

(3) Bond Asset Allocation Program

- The Bond Asset Allocation Program is designed to achieve equity-like returns with bond-like risk and has a minimum investment time horizon of three (3) years or more. The portfolio consists of mutual funds representing three (3) fixed-income sectors: money market, government bond, and high yield bond. Assets are allocated among these three (3) sectors seeking the best performance based on the current market environment.

- The portfolio is managed by BTS Asset Management, Inc. (BTS), a Registered Investment Advisor registered with the US Securities and Exchange Commission ("SEC") and located in Lexington, Massachusetts. Horter Investment Management, LLC has entered into a sub-investment advisory agreement under which Horter Investment delegates its discretionary authority under the Client Agreement with regard to the investment decisions made in the client's account to BTS Asset Management, Inc, an unaffiliated registered investment Advisor. The client understands and consents to the delegation of such authority which shall continue in force until revoke by Horter Investment Management, LLC, or the client.

- In exchange for the services provided by BTS, BTS is paid an annual fee (no more than 0.95%) of the combined assets under management of all Firm's clients with accounts managed by BTS.

- Bond Asset Allocation Program clients pay advisory fees according to the following annual fee schedule:

<u>Assets Under Management</u>	<u>Annual Management Fee</u>
First \$250,000	2.75%
\$250,001 and up	2.50%

- For all BTS Bond Asset Allocation program accounts fees for portfolio management services are payable in arrears and assessed quarterly based on the fair market value of the assets under management as of the last business day concluding each quarterly period. The quarterly payment schedule is explained on page eight (8): Appendix D, of the Client Agreement. Fees can only be changed in writing by agreement of the parties.

The client has granted limited access to withdraw the above management fees from the client's BTS account automatically as outlined in the Client Agreement. The brokerage firm or custodian of the account is advised in writing of the limitation on the Firm's access to the account.

Direct clients of the Firm will receive a Quarterly Financial Review detailing the end of quarter (March, June, September and December) value of all accounts opened because of the Firm's recommendations. Investment Advisor Representative s may also provide these Quarterly Reviews to their clients; however this is not required by the Firm. Because these Quarterly Reviews are created using the account's end of quarter balance, they do not reflect the management fees that will be taken for that quarter. Clients should refer to their Quarterly Billing Statements to see the fees that have been deducted from the account.

Any client who wishes to terminate their agreement with the Firm can do so at anytime. The request to terminate an agreement must be made in writing and must be signed by the client. Any client terminating an agreement within five (5) business days of signing the agreement will be entitled to a full refund of their deposit without penalty. After five (5) business days, either party may terminate the Client Agreement by notifying the other party by registered or certified mail, and the client is entitled to receive a refund less time and effort expended by the Firm.

Any client exiting the BTS Bond Asset Allocation program within 90 days will be charged a \$200 exit fee by Horter Investment Management, LLC, and a \$200 termination fee from BTS, in addition to any accrued management fees for the time they were invested in the BTS Bond Asset Allocation program. All accounts may be charged custodial fees upon termination from Trust Company of America.

- The Firm manages client assets utilizing mutual funds. Mutual funds may charge their shareholders operating expenses or other costs that are separate, and in addition to, the

advisory fee charged by the Firm. A complete description of the expenses and other costs associated with a particular mutual fund is provided in that fund's prospectus.

As with any new investment, a client may incur certain costs, such as capital gains taxes or surrender fees when selling or redeeming securities or other holdings to invest in the portfolio managed by the Firm. Such costs will vary on a case-by-case basis. Firm, Investment Advisor Representatives or Solicitors of the Firm are required to discuss any such costs that may pertain to a specific client prior to the client investing any funds in the BTS Bond Asset Allocation Program. Client should consider such costs before making any changes to their portfolio.

All client assets will be held by the custodian of the account, Trust Company of America. For all BTS accounts, Trust Company of America is responsible for placing all securities trade orders for clients. The Firm will not hold customer funds or securities. Direct Brokerage agreements will not be entered into for BTS Bond Asset Allocation program clients.

(4) High Yield Corporate Bond Program

- Ocean Park's HYCB Program offers a professionally-selected portfolio of several (generally five) of the best-performing bond funds, with proven risk management disciplines. There are over 100 High-Yield Corporate Bonds funds to choose from. Ocean Park's recent HYCB fund choices, with their daily monitoring and sell discipline offer an excellent approach for the conservative investor.

- The portfolio is managed by Ocean Park Asset Management ("OPAM"), a registered investment advisor registered with the US Securities and Exchange Commission ("SEC") and located in Santa Monica, California. Horter Investment Management, LLC has entered into a sub-investment advisory agreement under which Horter Investment Management, LLC delegates its discretionary authority under the Client Agreement with regard to the investment decisions made in the client's accounts to Ocean Park Asset Management. OPAM shall inform Firm by 1:00 PM EST daily any recommended changes in the investment. The client understands and consents to the delegations of such authority which shall continue in force until revoked by Horter Investment Management, LLC or the client in writing.

In exchange for the services provided by OPAM, OPAM is paid a quarterly fee (no more than 0.80% annually) of the combined assets under management of all Firm's clients with accounts invested in OPAM. Ocean Park Asset Management's, High Yield Corporate Bond Program clients pay advisory fees according to the following annual fee schedule:

<u>Assets Under Management</u>	<u>Annual Management Fee</u>
First \$250,000	2.75%
\$250,001 and up	2.50%

- For all Ocean Park High-Yield Corporate Bond program accounts fees for portfolio management services are payable in arrears and assessed quarterly based on the fair market value of the assets under management as of the last business day concluding each quarterly period. The quarterly payment schedule is explained on page nine (9): Appendix E, of the Client Agreement. Fees can only be changed in writing by agreement of the parties.

The client has granted limited access to withdraw the above management fees from the client's Ocean Park account automatically as outlined in the Client Agreement. The brokerage firm or custodian of the account is advised in writing of the limitation on the Firm's access to the account.

Direct clients of the Firm will receive a Quarterly Financial Review detailing the end of quarter (March, June, September and December) value of all accounts opened because of the Firm's recommendations. Investment Advisor Representative s may also provide these Quarterly Reviews to their clients; however this is not required by the Firm. Because these Quarterly Reviews are created using the account's end of quarter balance, they do not reflect the management fees that will be taken for that quarter. Clients should refer to their Quarterly Billing Statements to see the fees that have been deducted from the account.

Any client who wishes to terminate their agreement with the Firm can do so at anytime. The request to terminate an agreement must be made in writing and must be signed by the client. Any client terminating an agreement within five (5) business days of signing the agreement will be entitled to a full refund of their deposit without penalty. After five (5) business days, either party may terminate the Client Agreement by notifying the other party by registered or certified mail, and the client is entitled to receive a refund less time and effort expended by the Firm.

Any client exiting the Ocean Park High-Yield Corporate Bond program within 90 days will be charged a \$200 exit fee by Horter Investment Management and a \$200 termination fee from Ocean Park, in addition to any accrued management fees for the time they were invested in the Ocean Park High-Yield Corporate Bond program. All accounts may be charged custodial fees upon termination from Trust Company of America.

- The Firm manages client assets utilizing mutual funds. Mutual funds may charge their shareholders operating expenses or other costs that are separate, and in addition to, the advisory fee charged by the Firm. A complete description of the expenses and other costs associated with a particular mutual fund is provided in that fund's prospectus.

As with any new investment, a client may incur certain costs, such as capital gains taxes or surrender fees when selling or redeeming securities or other holdings to invest in the portfolio managed by the Firm. Such costs will vary on a case-by-case basis. Firm, Investment Advisor Representatives or Solicitors of the Firm are required to discuss any such costs that may pertain to a specific client prior to the client investing any funds in the Ocean Park High Yield Corporate Bond Program. Client should consider such costs before making any changes to their portfolio.

All client assets will be held by the custodian of the account, Trust Company of America. For all Ocean Park account, Trust Company of America is responsible for placing all securities trade orders for clients. The Firm will not hold customer funds or securities. Direct Brokerage agreements will not be entered into for Ocean Park High-Yield Corporate Bond program clients.

(5) Horter Long/Short Portfolio

- Horter Long/Short Portfolio utilizes the Parlan Active Management Strategy (PAMS). The PAMS strategy implemented by Parlan Financial Corporation utilizes Long S&P 500 index mutual funds and Short S&P 500 index mutual funds. The strategy seeks to provide investment results that correspond to 200% of the daily performance of the S&P 500 Index ®. Any estimated annual rates of return over time are only estimates and do not guarantee any future rates of return. The Horter Long/Short Portfolio is designed for at least a 3 to 5 year time frame and that meets with my objectives.

- The Horter/Long Short Portfolio is a no load equity mutual fund strategy that rotates between the S&P 500 200% long mutual fund, the S&P 500 200% short mutual fund , and the money market accounts seeking short term capital gains and interest.

Horter Investment Management, LLC has entered into a sub-investment advisory agreement under which Horter Investment Management, LLC delegates its discretionary authority under the Client Agreement with regard to the investment decisions made in the client's account to Parlan Financial Corporation, an unaffiliated registered investment Advisor. The client understands and consents to the delegation of such authority which shall continue in force until revoked by Horter Investment Management, LLC or the client.

In exchange for the services provided by Parlan Financial Corp, PFC is paid an annual fee (no more than 0.40%) of the combined assets under management of all Horter Investment's client with accounts managed by Parlan Financial Corp.

- Horter Long/Short Portfolio clients pay advisory fees according to the following annual fee schedule:

<u>Assets Under Management</u>	<u>Annual Management Fee</u>
First \$250,000	2.4%
\$250,001 and up	2.0%

- For all Horter Long/Short Portfolio accounts fees for portfolio management services are payable in arrears and assessed quarterly based on the fair market value of the assets under management as of the last business day concluding each quarterly period. The quarterly payment schedule is explained on page nine (9): Appendix E, of the Client Agreement. Fees can only be changed in writing by agreement of the parties.

The client has granted limited access to withdraw the above management fees from the client's Horter Long/Short account automatically as outlined in the Client Agreement. The brokerage firm or custodian of the account is advised in writing of the limitation on the Firm's access to the account.

Direct clients of the Firm will receive a Quarterly Financial Review detailing the end of quarter (March, June, September and December) value of all accounts opened because of the Firm's recommendations. Investment Advisor Representative s may also provide these Quarterly Reviews to their clients; however this is not required by the Firm. Because these Quarterly Reviews are created using the account's end of quarter balance, they do not reflect the

management fees that will be taken for that quarter. Clients should refer to their Quarterly Billing Statements to see the fees that have been deducted from the account.

Any client who wishes to terminate their agreement with the Firm can do so at anytime. The request to terminate an agreement must be made in writing and must be signed by the client. Any client terminating an agreement within five (5) business days of signing the agreement will be entitled to a full refund of their deposit without penalty. After five (5) business days, either party may terminate the Client Agreement by notifying the other party by registered or certified mail, and the client is entitled to receive a refund less time and effort expended by the Firm.

Any client exiting the Horter Long/Short Portfolio within 90 days will be charged a \$200 exit fee by Horter Investment Management and a \$200 termination fee from Parlan Financial Corp. in addition to any accrued management fees for the time they were invested in the Horter Long/Short Portfolio. All accounts may be charged custodial fees upon termination from Trust Company of America.

- The Firm manages client assets utilizing mutual funds. Mutual funds may charge their shareholders operating expenses or other costs that are separate, and in addition to, the advisory fee charged by the Firm. A complete description of the expenses and other costs associated with a particular mutual fund is provided in that fund's prospectus.

As with any new investment, a client may incur certain costs, such as capital gains taxes or surrender fees when selling or redeeming securities or other holdings to invest in the portfolio managed by the Firm. Such costs will vary on a case-by-case basis. Firm, Investment Advisor Representatives or Solicitors of the Firm are required to discuss any such costs that may pertain to a specific client prior to the client investing any funds in the Horter Long/Short portfolio. Client should consider such costs before making any changes to their portfolio.

All client assets will be held by the custodian of the account, Trust Company of America. For all Horter Long/Short Portfolio accounts, Trust Company of America is responsible for placing all securities trade orders for clients. The Firm will not hold customer funds or securities. Direct Brokerage agreements will not be entered into for Horter Long/Short Portfolio clients.

FINANCIAL PLANNING

We provide financial planning services. Financial planning is a comprehensive evaluation of a client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients electing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information

and financial goals.

- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability and long-term.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents and estate planning.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or financial advisor. Implementation of financial plan recommendations is entirely at the client's discretion.

Typically the financial plan is presented to the client within sthree months of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered. All recommendations are of a generic nature.

ADVISORY REFERRAL SERVICES

Horter Investment Management, LLC. acts as a solicitor on behalf of various independent registered investment advisers. Based on a client's individual circumstances and needs, we

will assist the client in determining which independent adviser's portfolio management services are appropriate for that client. Factors considered in making this determination, including account size, risk tolerance, and a client's investment experience, are discussed during our consultation with the client.

Horter Investment Management, LLC. will meet with the client on a regular basis, or as determined by the client, to review the account. We will, when needed, suggest changes in the client's portfolio ("rebalancing"), to more effectively address each client's goals. The client may then instruct the independent adviser to make any or all of the changes we recommended. These recommendations are our own, and are neither recommended nor approved by any independent advisers.

Any rebalancing of the portfolio is done with the client's approval, and will be reviewed and implemented by the independent investment adviser. At the time of conducting the advisory solicitation, Horter Investment Management, LLC. will ensure that all federal and/or state specific requirements governing solicitation activities are met.

AMOUNT OF MANAGED ASSETS

As of 12/31/2010, we were actively managing \$93,389,131.00 of clients' assets on a discretionary basis plus \$213,713.00 of clients' assets on a non-discretionary basis.

Item 5 Fees and Compensation

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT FEES

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from 2.40% to 2.75%.

A minimum of **\$ 25,000.00** of assets under management is required for this service. This account size may be negotiable under certain circumstances. Horter Investment Management, LLC. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Limited Negotiability of Advisory Fees: Although Horter Investment Management, LLC. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members

and friends of associated persons of our firm.

Fees Billed in Advance or Arrears: Our advisory fees are charged in one of two ways as agreed upon with the client:

- *In advance:* Advisory fees are billed in advance at the beginning of each semi-annual period based upon the asset value (market or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account equity at the end of the previous semi-annual period.
- *In arrears:* Advisory fees are billed in arrears at the end of each calendar quarter based upon the asset value (market or fair market value in the absence of market value), of the client's account at quarter-end.

When authorized by the client, fees are debited from the account in accordance with the terms set forth in the Client Management Agreement.

PORTFOLIO MANAGEMENT SERVICES FEES

Our annual fees for Portfolio Management Services are based upon a percentage of assets under management and generally range from 2.40% to 2.75%.

A minimum of **\$ 25,000.00** of assets under management is required for this service. This account size may be negotiable under certain circumstances. Horter Investment Management, LLC. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Limited Negotiability of Advisory Fees: Although Horter Investment Management, LLC. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule is identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

Fees Billed in Advance or Arrears: Our advisory fees are charged in one of two ways as agreed upon with the client:

- *In advance:* Advisory fees are billed in advance at the beginning of each semi-annual period based upon the asset value (market or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account equity at the end of the previous semi-annual period.

- *In arrears*: Advisory fees are billed in arrears at the end of each calendar quarter based upon the asset value (market or fair market value in the absence of market value), of the client's account at quarter-end.

When authorized by the client, fees are debited from the account in accordance with the terms set forth in the Client Management Agreement.

THE FIRM'S INVESTMENT STRATEGIES and SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS FEES

Horter Investment Management, LLC.'s fee for this service does not include the independent investment adviser's fee for that entity's advisory/management services. The independent investment adviser's management fee is disclosed in the independent investment adviser's Firm Brochure or other disclosure document.

Our annual fee for the Manager Selection Program is charged as a percentage of assets under management, according to the following schedule: See "Programs" under Item 4, Advisory Business.

ADVISORY REFERRAL SERVICES FEES

We do not enter into an advisory agreement with any client nor do we charge a fee to any client for referrals to another Adviser(s). Our fees for such referrals are paid by the referred Adviser(s) who shares with our firm a percentage of the fees received from the client. Client advisory fees are not increased in any way as a result of our referral of any clients to another Adviser(s). We typically receive 1.25% of the advisory management fee paid by the client to that Adviser.

Clients will receive a separate disclosure document describing the fee paid to us by such Adviser(s). Clients should refer to that Adviser's' disclosure document for information regarding its fees, billing practices, minimum required investments and termination of advisory agreements.

FINANCIAL PLANNING FEES

Horter Investment Management, LLC.'s Financial Planning fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Financial Planning fees are calculated and charged on an hourly basis, ranging from \$150 to \$175 per hour. Although the length of time it will take to provide a Financial Plan will depend on each client's personal situation, we will provide an estimate for the total hours at the start of the advisory relationship.

The client is billed upon completion or any fee may be waived.

Clients are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all

recommendations is solely at the discretion of the client.

GENERAL INFORMATION

Termination of the Advisory Relationship: A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Additional Fees and Expenses

In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Horter Investment Management, LLC's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

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

Horter Investment Management, LLC. does not charge performance-based fees.

Item 7 Types of Clients

Horter Investment Management, LLC. provides advisory services to the following types of clients:

- Individuals (other than high net worth individuals), primarily age 50 and over.
- High net worth individuals

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

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

METHODS OF ANALYSIS

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

Charting. In this type of technical analysis, we review charts of market and security activity in an attempt to identify when the market is moving up or down and to predict how long the trend may last and when that trend might reverse.

Mutual Fund and/or ETF Analysis. We look at the experience and track record of the manager of the mutual fund or ETF in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We also look at the underlying assets in a mutual fund or ETF in an attempt to determine if there is significant overlap in the underlying investments held in another fund(s) in the client's portfolio. We also monitor the funds or ETFs in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund and/or ETF analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund or ETF, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund or ETF, which could make the holding(s) less suitable for the client's portfolio.

Third-Party Money Manager Analysis. We examine the experience, expertise, investment philosophies, and past performance of independent third-party investment managers in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. Additionally, as part of our due-diligence process, we survey the manager's compliance and business enterprise risks.

A risk of investing with a third-party manager who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a third-party manager's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory or reputational deficiencies.

Risks for all forms of analysis. Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be

incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

Long-term purchases. We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities/mutual funds to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases. When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A short-term purchase strategy poses risks should the anticipated price swing not materialize; we are then left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss.

In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Risk of Loss. Securities investments are not guaranteed and you may lose money on your investments. Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by Horter Investment Management, LLC. and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Horter Investment Management, LLC. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

OTHER BUSINESS ACTIVITIES

Drew K. Horter spends approximately 35% of his time selling insurance products, including fixed index annuities (also known as equity-indexed annuities), through Horter Financial Strategies, LLC, approximately 65% of his time providing investment advice through Firm, Horter Investment Management, LLC. The amount of a commission earned by Mr. Horter on the sale of a fixed index annuity through Horter Financial Strategies, LLC, varies depending upon the insurance and annuity company and the particular features of the product being used. For most clients, because of liquidity needs and suitability requirements, Mr. Horter

recommends medium-term fixed index annuities (up to 10 years) that provide an annual 10% liquidity feature. The commissions on such products typically range from five to seven percent (5-7%) of the premium amount paid by the client. Generally, the longer the term, the higher the commission paid. Commissions are not deducted from any premiums paid by the client. Any client's assets that are placed in such an annuity are fully invested.

Horter Investment Management Investment Advisor Representatives may provide income tax preparation for clients as an outside business activity through United Tax Partners Inc. The Investment Advisor Representative as a subcontractor with United Tax Partners Inc team of CPA's will prepare the return and charge a fee. United Tax Partners Inc indemnifies all subcontractors for the preparation of the return. These services are separate and distinct from the advisory services of Horter Investment and provided for separate and typical compensation. No Horter Investment Management client is obligated to use the services of United Tax Partners Inc.

Horter Investment Management Advisor Representatives, as an outside business activity, may offer to sell precious metals to clients as agents for Royal Metals Group L.L.C. ("RMG"). RMG is a precious metals distributor that focuses on offering agent-based sales of precious metals based on their underlying commodity value. These services are separate and distinct from the advisory services of Horter Investment Management and are provided for separate and distinct compensation. No Horter Investment Management client is obligated to purchase precious metals through RMG.

Horter Investment Management, LLC has entered into an agreement under with RMG and Horter Investment Management participates in the fee that RMG and their wholesaler charge (up to 10%) to facilitate the purchase of gold or silver. Horter Investment Management delegates all buying and selling processes to RMG.

Horter Investment Management, LLC will receive a maximum compensation of 2.45% as a referral fee for each contracted advisor registered under Horter Investment Management, LLC and Royal Metals Group.

The Firm has relationships with Investment Advisor Representatives ("IARs") and Solicitors (which may include other investment Advisors, financial planning firms, or insurance agencies) who are duly licensed to receive a portion of the advisory fees earned by Firm with respect to client portfolios Firm manages. Each IAR or Solicitor may also spend a significant portion of their time engaged in other business activities that are not affiliated in any way with Firm or the portfolios it manages. Such outside business activities may include selling insurance products, including fixed index annuities (also known as equity-index annuities), for which an IAR or Solicitor may earn commissions. Firm receives no compensation relating to any outside business activities of its IARs or Solicitors and does not receive any commissions for insurance or annuity products sold by IARs or Solicitors. Firm assumes no fiduciary or other legal duty, or any supervisory responsibility, with respect to any outside business activities of its IARs or Solicitors, including the sale of insurance or annuity products.

The Firm's relationships with its Solicitors (which may include broker-dealers, other investment advisors, financial planning firms, insurance agencies, or CPAs or accounting firms.

SOLICITATION OF OUTSIDE MONEY MANAGERS

The Firm will enter into agreements with various non-affiliated investment advisors ("NIA's") to offer asset allocation and asset management services to certain Firm's clients. Such clients will be given the following documents, in addition to this Form ADV Part II: a Solicitor's Disclosure document, and a copy of the NIA's Form ADV Part II. The Solicitor's Disclosure document provides details with regard to specific referral arrangements between the NIA and the Firm. The NIA's Form ADV Part II provides details with regard to their advisory services and fees. The Firm will maintain its relationship with a client by providing services that include assisting the client in choosing investment objectives and appropriate investment managers, setting restrictions or limitations on the management account, explaining portfolio strategies and transactions, and answering client questions. Also, the Firm will review the performance of the NIA on an ongoing basis prior to introducing clients to the NIA. The Firm does not charge the client any fees for the services and is compensated in the form of a percentage of the fee charged to the client by the NIA for its services; generally, 50% or less. The relationship between the Firm and the NIA will be clearly communicated and disclosed to all the clients in the Solicitor's Disclosure document.

Compensation is usually received by the Firm after services are rendered. Fees paid in advance will be refunded to the client prorated to the number of days in the quarter in which the client received the services. Generally, an agreement may be terminated within thirty (30) days with written notice. However, compensation arrangements and termination provisions will also be disclosed in the non-affiliated Advisor's disclosure brochure and/or and the Firm's disclosure brochure. Fees, payments and refund policies will vary depending upon the non-affiliated investment Advisor's fee schedule and terms. The Firm will make all reasonable efforts to determine that any non-affiliated investment Advisor, with which the Firm contracts, is properly registered in those states where investment advice or securities are provided to residents of that state.

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

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Horter Investment Management, LLC. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be

submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Horter Investment Management, LLC.'s Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to judy@him-ria.com, or by calling us at 513-984-9933.

Horter Investment Management, LLC. and individuals associated with our firm are prohibited from engaging in principal transactions.

Horter Investment Management, LLC. and individuals associated with our firm are prohibited from engaging in agency cross transactions.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer, investment advisor representatives of another registered investment advisor, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

Firm has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Firm's Code of Ethics describes the firm's fiduciary duties and responsibilities to clients, and sets forth, among other things, Firm's practice of supervising the personal securities transactions of access persons, as defined at Rule 204A-1(e)(1). To supervise compliance with its Code of Ethics, Firm requires that access persons provide detailed annual holdings reports and quarterly transaction reports showing any transactions in reportable securities. Transactions in securities that the SEC has deemed to be not reportable (e.g., direct obligations of the U.S. government; shares issued by unaffiliated open-end mutual funds) do not need to be reported. Access persons are required to obtain Firm's approval prior to investing in any IPO's or private placements (limited offerings). Files of securities transactions for access persons of the Firm are maintained and reviewed for any conflict of interest by the Firm's Chief Compliance Officer, or other designated official.

Firm requires that all supervised persons must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices. Firm's Code of Ethics includes Firm's policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline.

Firm will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Item 12 Brokerage Practices

Horter Investment Management, LLC. does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

Horter Investment Management, LLC. will block trades for mutual funds where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading for mutual funds may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Horter Investment Management, LLC. will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Horter Investment Management, LLC.'s block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Horter Investment Management, LLC., or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Horter Investment Management, LLC. to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.
- 5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

- 6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.
- 7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the Chief Compliance Officer no later than the morning following the execution of the aggregate trade.
- 8) Horter Investment Management, LLC's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.
- 9) Funds and securities for aggregated orders are clearly identified on Horter Investment Management, LLC's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.
- 10) No client or account will be favored over another.

Item 13 Review of Accounts

INVESTMENT SUPERVISORY SERVICES ("ISS") INDIVIDUAL PORTFOLIO MANAGEMENT

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed at least quarterly or semi-annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: The Managing Member of the Firm, Drew K. Horter.

REPORTS: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide quarterly or semi-annual reports summarizing account performance, balances and holdings.

MUTUAL FUND PORTFOLIO MANAGEMENT

REVIEWS: Horter Investment Management, LLC. continually reviews and monitors the Mutual Fund's holdings in accordance with the investment objectives as detailed in the Fund Prospectus.

REPORTS: Clients should refer to the Fund Prospectus for information regarding regular

reports to the fund by Horter Investment Management, LLC..

PORTFOLIO MANAGEMENT SERVICES

REVIEWS: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed quarterly or semi-annually. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by: The Managing Member of the Firm, Drew K. Horter.

REPORTS: In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, Horter Investment Management, LLC. will provide quarterly or annual reports summarizing account performance, balances and holdings.

THE FIRM'S INVESTMENT STRATEGIES AND THE SELECTION and MONITORING of THIRD-PARTY MONEY MANAGERS

REVIEWS: These client accounts should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reviews provided by that independent registered investment adviser.

Horter Investment Management, LLC. will provide reviews on a quarterly.

These accounts are reviewed by: The Managing Member of the Firm, Drew K. Horter.

REPORTS: These clients should refer to the independent registered investment adviser's Firm Brochure (or other disclosure document used in lieu of the brochure) for information regarding the nature and frequency of reports provided by that independent registered investment adviser.

Horter Investment Management, LLC. does not typically provide reports in addition to those provided by the independent registered investment adviser selected to manage the client's assets.

FINANCIAL PLANNING SERVICES

REVIEWS: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

REPORTS: Financial Planning clients may receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

ELEMENTS USED FOR REVIEW PROCESS

The review process contains each of the following elements:

- a. evaluate the strategy which has been employed
- b. monitor the portfolio
- c. address the need to rebalance

Account review may be triggered by any one or more of the following events:

- a. specific client request
- b. change in client's goals and objectives
- c. semi-annually
- d. changes in policy limits

Item 14 Client Referrals and Other Compensation

It is Horter Investment Management, LLC.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Horter Investment Management, LLC.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Our firm does not have actual or constructive custody of client accounts.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- determine the security to buy or sell; and/or
- determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets.

We may provide clients with consulting assistance regarding proxy issues if they contact us with questions at our principal place of business.

Item 18 Financial Information

We do require some clients to pay fees that are (a) greater than \$1200 and (b) billed six months or more in advance. Accordingly, a copy of our firm's balance sheet is attached.

As an advisory firm that maintains discretionary authority for clients as disclosed above we provide a copy of the firm's balance sheet to those client's annually. We are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Horter Investment Management, LLC. has no additional financial circumstances to report.

In 2008 and 2009, during the financial crisis in the United States economy, the Firm saw an abrupt drop in the value of assets under management. This drop resulted in a loss of revenue for the Firm, and the Firm experienced a period of illiquidity. Although Firm does not normally recommend that clients enter into transaction in which Firm has some financial interest, affiliates of the Firm did secure loans for operating capital and business expansion from outside sources, including current clients of the Firm. A loan from a current client could give rise to a conflict of interest. While Firm believes that it treats all clients fairly, having any outstanding obligation to clients could result in the Firm favoring clients who are lenders over clients who are not lenders. Firm has not and will not favor lender clients over non-lender clients, but Firm recognizes the importance of disclosing the potential conflict of interest to its clients.

The loans that the Firm, or its affiliates, secured from current clients have terms between 3 and 5 years with interest rates ranging from 6% to 12%. Firm's affiliates are current with payments on the loans from Firm's clients. Firm's affiliates are actively seeking more traditional sources of funding to repay the loans from Firm's clients prior to maturity.

With the United States economy seeing signs of recovery, the value of the assets under Firm's management has rebounded to pre-2008 levels, resulting in an increase of Firm's revenue, and the improvement of Firm's financial condition.

On occasion, the Firm may buy or sell securities that it recommends to clients. There is no conflict of interest as the securities are primarily shares of open-end mutual funds or, under limited circumstances, shares of publicly-traded and widely-held common stock.

Horter Investment Management, LLC. has not been the subject of a bankruptcy petition at any time during the past ten years.