

Wrap Fee Brochure
(Part 2A Appendix 1 of Form ADV)

HARBOR CAPITAL ADVISORY SERVICES WRAP FEE PROGRAM

Sponsored by

Harbor Capital Advisory Services, Inc.
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This wrap fee program brochure provides information about the qualifications and business practices of Harbor Capital Advisory Services, Inc. If you have any questions about the contents of this brochure, please contact us at (585) 425-4090 and/ or jmonte@harborfinmail.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 Harbor Capital Advisory Services, Inc. is available on the SEC's website at www.adviserinfo.sec.gov. Our Firm's CRD number is 146693.

August 3, 2012

ITEM 2: MATERIAL CHANGES

MATERIAL CHANGES SINCE THE LAST UPDATE

This section of our wrap fee program brochure will reflect the update(s) of any material changes that occur subsequent to the delivery of our Firm's last annual update wrap fee program brochure.

We may, at any time, update this brochure. We expect to update this brochure no less than annually.

FULL BROCHURE AVAILABLE

Whenever you would like to receive a complete copy of our wrap fee program brochure, please contact us by telephone at **(585) 425-4090** or by email at **jmonte@harborfinmail.com**.

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ITEM 4: SERVICES, FEES AND COMPENSATION

SERVICES

Harbor Capital Advisory Services, Inc. ("HCAS" or the "Adviser") is an investment management firm that is registered with the Securities and Exchange Commission ("SEC") as an investment adviser. HCAS offers the following wrap fee program, where appropriate, to interested clients and prospective clients.

The Harbor Capital Advisory Services Wrap Fee Program ("Program") is sponsored by HCAS. The Program provides clients the ability to trade in certain investment products without incurring separate brokerage commissions or transaction charges. A wrap-fee program is one that provides the Client with advisory and brokerage execution services for one all-inclusive fee. The Program is designed to assist Clients to clarify their investment needs and to obtain professional asset management for a convenient single "wrap fee."

Prior to receiving services through the Program, Clients are required to enter into a written agreement with HCAS setting forth the relevant terms and conditions of the advisory relationship ("Agreement"). Clients must also open a new securities brokerage account and complete a new account agreement with Foliofn Investments, Inc. ("Foliofn"), the Wrap Fee Broker.

HCAS and its Investment Adviser Representatives (IARs) actively solicit advisory clients for the Program. IARs recommending the Program may receive compensation as a result of the Client's participation in the Program. This may present a conflict of interest as IARs may have a financial incentive to recommend the Program over other programs and services. The amount of this compensation may be more than what the IAR would receive if the Client participated in HCAS's other programs or paid separately for investment advice, brokerage, and other services.

On the outset of the Program, HCAS will work with Clients to achieve a mutual understanding of their individual investment objectives, liquidity and cash flow needs, time horizon and risk tolerance, as well as any other factors that are pertinent to their specific financial situations. After an analysis of the relevant information, HCAS assists its Clients in developing an appropriate strategy for managing their assets. The investment portfolios of Clients are generally managed on a discretionary or non-discretionary basis, as determined by the Agreement between HCAS and the Client.

FEES

Services are offered through the Program on a fee basis, meaning that Clients pay an annualized fee based upon the assets under management. The basic annualized fee schedule, subject to negotiation are as follows:

Assets Under Management	Annualized Fee
0 to \$249,999	2.50%
\$250,000 to \$499,999	2.25%
\$500,000 to \$999,999	2.00%
\$1,000,000 to \$1,999,999	1.75%
\$2,000,000 to \$2,999,999	1.50%
Amounts over \$3,000,000	1.25%

Clients are charged an all-inclusive fee, of which approximately 0.20% is retained by Foliofn for brokerage execution. HCAS retains the balance of the Program's total fees for its services as the portfolio manager. In addition, a minimum Foliofn Brokerage Fee of \$200 per year shall apply.

The Fee is billed quarterly in arrears on the last day of the quarter. Fees will be assessed pro-rata in the event the portfolio management agreement is executed at any time other than the first day of a calendar quarter. All asset-based billings are calculated on an average daily balance for the relevant period. If the account is terminated prior to the end of a quarter, the fee for that quarter will be prorated for the number of days the account was open during that quarter and any overpayment, net of Foliofn's charges to HCAS for the quarter, and will be returned to Client following the closing of the account.

Under the Program, Clients receive both investment advisory services and the execution of transactions for a single, combined annualized fee, the Program Fee. Clients may be able to purchase services similar to those offered under the Program from other service providers either separately as part of a similar wrap fee program. These services or programs may cost more or less than the Program, depending on the fees charged by such other service providers.

OTHER CHARGES

Clients may incur certain charges imposed by third parties in addition to the Program fee. There may be additional fees or charges that result from the maintenance of your account. Other fees that may be imposed by third parties in connection with investments made through your account, include but are not limited to, no-load mutual fund 12(b)-1 distribution fees, certain deferred sales charges on previously purchased mutual funds, and IRA and Qualified Retirement Plan fees.

In circumstances where orders are executed outside of Foliofn's window trades, Clients may be charged an additional fee per transaction that will be billed directly to the Client's account.

ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS

The Program participants include individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

Clients approved for an account must maintain a securities brokerage and custody account with Foliofn Investments, Inc. ("Foliofn"), the Wrap Fee Broker. HCAS selected Foliofn on the basis of services it provides to HCAS Clients and the fees it charges to HCAS.

The minimum account size will be \$25,000, and the minimum net worth of the investors shall be \$150,000. HCAS may make exceptions to these minimums on a case by case basis.

ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION

HCAS acts as the sponsor and portfolio manager to the Program.

ADVISORY BUSINESS

HCAS offers personalized investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities. HCAS offers investment management services which are focused on capital appreciation.

HCAS practices custom management of portfolios in two distinct programs, the HCAS Advisory Account Program – Discretionary, and HCAS Advisory Account Program – Non-Discretionary, according to the client's objectives.

- ***HCAS Advisory Account Program – Discretionary:*** As a discretionary adviser, HCAS will have the authority to supervise and direct the Client's portfolio without prior consultation with the Client. Notwithstanding the foregoing, Clients may impose certain written restrictions on HCAS with the management of their investment portfolios, such as prohibiting the inclusion of certain types of investments. Each Client should take note, however, that restrictions imposed by a Client may adversely affect the composition and performance of the Client's investment portfolio.
- ***HCAS Advisory Account Program – Non-Discretionary:*** Alternatively, HCAS provides non-discretionary portfolio management services whereby the Firm will make specific investment recommendations to a client tailored to meet the needs and investment objectives of that specific client, but shall not initiate any orders to purchase or sell any securities (or specific securities) without the client's approval.

HCAS requires that a written Investment Advisory Agreement ("IA Agreement") be signed by the Client prior to the provision of services. The IA Agreement outlines the services rendered by HCAS and the fees Clients will be charged. As noted above, Clients shall open either a discretionary asset management account or a non-discretionary account with the Custodian, through which HCAS shall monitor the assets of the Account, and purchase and/or sell securities on a discretionary basis within the Account, according to the terms and conditions of the IA Agreement.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance Fees are based on a share of the capital gains or capital appreciation of the assets of a Client. Fees based on performance means that HCAS would participate directly in the account's results. **HCAS currently does not accept Performance-Based Fees.**

"Side-by-Side Management" refers to a situation in which the same Adviser manages accounts that are billed based on a percentage of assets under management ("Management Fee") and at the same time manages other accounts for which fees are assessed on a performance fee basis. Because HCAS has no performance-based fee accounts, it does not conduct side-by-side management.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

HCAS may utilize fundamental, technical/charting or cyclical analysis techniques in formulating investment advice or managing assets for Clients.

Fundamental analysis of businesses involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives; to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal business decisions and to calculate its credit risk.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall.

Cyclical analysis of economic cycles is used to determine how these cycles affect the returns of an investment, an asset class or an individual company's profits. Cyclical risks exist because the broad economy has been shown to move in cycles, from periods of peak performance followed by a downturn, then a trough of low activity. Between the peak and trough of a business or other economic cycle, investments may fall in value to reflect the uncertainty surrounding future returns as compared with the recent past.

HCAS's primary approach is to use a tactical allocation strategy aimed at reducing risk and increasing performance. HCAS measures and selects mutual funds by using various criteria, such as the fund manager's tenure, and/or overall career performance. HCAS may recommend, on occasion, redistributing investment allocations to diversify the portfolio in an effort to reduce risk and increase performance. HCAS may recommend specific stocks and ETFs to increase sector weighting and/or dividend potential. HCAS may recommend employing cash positions as a possible hedge against market movement which may adversely affect the portfolio. HCAS may recommend selling positions for reasons that include, but are not limited to, harvesting capital gains or losses, business or sector risk exposure to a specific security or class of securities, overvaluation or overweighting of the position(s) in the portfolio, change in risk tolerance of client, or any risk deemed unacceptable for the client's risk tolerance.

The investment strategies HCAS will implement may include long term purchases of securities held at least for one year; short term purchases for securities sold within a year; trading of securities sold within 30 days, short sales, margin transactions, including covered options, uncovered options or spreading strategies.

Clients need to be aware that investing in securities involves risk of loss that Clients need to be prepared to bear.

The methods of analysis and investment strategies followed by the Firm are utilized across all of HCAS's Clients, as applicable. One method of analysis or investment strategy is not more significant than the other as HCAS is considering the Client's portfolio, risk tolerance, time horizon and individual goals. However, the Client should be aware that with any trading that occurs in the Client account, the Client will incur transaction and administrative costs. Notwithstanding the method of analysis or investment strategy employed by the Adviser, the assets within a Client account are subject to risk of devaluation or loss. HCAS wants its Clients to be aware that there are many different events that can affect the value of their assets or portfolios including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters. HCAS does not represent, warrant, or imply that the services or methods of analysis employed by the Firm can or will predict future results, successfully identify market tops or bottoms, or insulate Clients from losses due to market corrections or declines.

VOTING CLIENT SECURITIES

Clients retain the right to vote all proxies which are solicited for securities held in their accounts. HCAS will not take nor be required to take any action or render any advice with respect to the voting of proxies solicited by or with respect to the issuers of securities in which assets of the Client's account may be invested in occasionally. Furthermore, HCAS will not take any action or render any advice with respect to any securities held in any Client's accounts that are named in or subject to class action lawsuits. HCAS will, however, forward to you any information received by our Firm regarding class action legal matters involving any security held in your account.

ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGERS

HCAS acts as the sponsor and portfolio manager to the Program. Certain wrap fee programs involve the services of multiple parties in these capacities. In those circumstances, the sponsor is required to disclose how and what type of information about the Client that it provides to portfolio managers. HCAS has no disclosures to make under this section.

ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGERS

There are no restrictions on a Client's ability to contact and consult with HCAS.

ITEM 9: ADDITIONAL INFORMATION

DISCIPLINARY INFORMATION

Clients should be aware that neither HCAS nor its management persons have been involved in legal or disciplinary events related to past or present investment Clients.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

IARs of HCAS are registered representatives of American Portfolios Financial Services, Inc. (CRD# 18487) ("APFS"), a full-service securities broker/dealer and investment adviser registered under federal and state securities laws, located in Holbrook, NY. In their capacity as registered representatives of APFS, IARs of the Firm may offer Clients securities and/or insurance products for which they receive a commission. In this capacity, associated persons are involved in the sale of securities of various types, including, but not limited to stocks, bonds, mutual funds, variable annuities, and limited partnerships. In addition, associated persons may also be involved in the sale of insurance products. As such, associated persons can effect transactions in insurance products for Clients and earn commissions for these activities. As such, the IAR will receive commission-based compensation in connection with the purchase and sales of securities. Compensation earned by our IARs in their capacities as a registered representative is separate and in addition to our advisory fees. All compensation received by IARs of the Firm for securities transactions through APFS will be separate, yet customary for effecting securities transactions, including 12b-1 fees for the sale of investment company products. **HCAS advisory client transactions are not placed with APFS.**

Messrs. Frank A. Monte and Jeremy T. Monte are owners/officers of Harbor Financial Group, Inc., a New York corporation. This company affiliates with various insurance companies to offer fixed insurance products. **Clients of HCAS will not be solicited to purchase insurance products through Harbor Financial Group, Inc.**

Delbert J. Smith, IAR with HCAS, is also a Certified Public Accountant and has his own accounting firm, Delbert J. Smith, CPA, P.C. Clients of HCAS are not required to use the accounting services of Mr. Smith; however if a Client chooses to engage Mr. Smith for these services, there are fees associated with the accounting services. The receipt of additional compensation creates a conflict of interest. Conflicts of interest exist because of the receipt of additional compensation by Mr. Smith. If the Client utilizes Mr. Smith's accounting firm, all additional compensation will be disclosed to the Client prior to the Client utilizing the services of the accounting firm.

IARs of HCAS are also licensed to sell insurance through various insurance agencies. In each IAR's capacity as insurance agent, the IAR will receive separate, yet customary

compensation for insurance product sales, generally receiving commissions on insurance-related products.

HCAS has arrangements with other investment advisers that are material to its advisory service and its Clients. HCAS participates in programs with independent money managers and is compensated based on a percentage share of those firm's advisory fees as discussed in The HCAC Part 2A of Form ADV (the Firm Brochure). All such arrangement are fully disclosed to Clients who grant their approval, in advance. All such arrangements result in no increase in Client expense or HCAS compensation.

HCAS has entered into an agreement with American Portfolio Advisors, Inc. ("APA"), a registered investment adviser and an affiliate of American Portfolios Financial Services, Inc. ("APFS"). HCAS shares its revenue with APA for administrative services.

Clients should be aware that the additional receipt of compensation by HCAS and its management persons or employees creates a conflict of interest that may impair the objectivity of HCAS and these individuals when making advisory recommendations. HCAS endeavors at all times to put the interest of its Clients first as part of its fiduciary duty. HCAS takes the following steps to address this conflict of interest:

- (a) Disclose to Clients the existence of all material conflicts of interest, including the potential for HCAS and its employees to earn compensation from the referral of Clients to other registered investment advisers;
- (b) Collect, maintain and document accurate, complete and relevant Client background information, including the Client's financial goals, objectives and risk tolerance
- (c) Conduct regular reviews of each Client account to verify that all recommendations made to a Client are suitable to the Client's needs and circumstances; and
- (d) Conduct due diligence on selected investment advisers to establish that these advisers are suitable to recommend to Clients of HCAS.

Client of HCAS are not obligated to use the services of any other investment adviser recommended by HCAS.

CODE OF ETHICS

All employees of HCAS must act in an ethical and professional manner. HCAS has adopted a Code of Ethics, the full text of which is available to Clients and prospective Clients upon request. HCAS has several goals in adopting this Code. HCAS's Code of Ethics, which specifically deals with professional standards, insider trading, personal trading, gifts and entertainment, and fiduciary duties, establishes ideals for ethical conduct based upon fundamental principles of openness, integrity, honesty, and trust. The Firm desires to comply with all applicable laws and regulations governing its practice, and the management of HCAS has determined to set forth guidelines for professional standards, under which all associated persons of HCAS are to conduct themselves. HCAS has set high standards, the intention of which is to protect Client interests at all times and to demonstrate its commitment to its fiduciary duties of honesty, good faith and fair dealing with Clients, as well as the procedures for approval and reporting established in the Code of Ethics. All associated persons are expected to adhere strictly to these guidelines. In

addition, HCAS maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by HCAS or any person associated with the Firm.

HCAS will provide a copy of its Code of Ethics to any Client or prospective Client upon request.

HCAS does not recommend or effect transactions in securities which any related person may have material financial interest.

At times, HCAS and/or its affiliated persons may buy or sell securities for their own accounts that we have also recommended to Clients. This presents a conflict of interest. In any instance where similar securities are being bought or sold, we will uphold our fiduciary duty by always transacting on behalf of our Client before transacting for our own benefit. It is the express policy of HCAS that employees shall not have priority in any purchase or sale over Clients' accounts.

REVIEW OF ACCOUNTS AND GENERAL REPORTS

Investment Adviser Representatives, including Frank A. Monte, Jeremy T. Monte, Gregory J. Halstead, Mark A. Muchowski, and Delbert Smith will monitor their respective Client accounts on an ongoing basis and will conduct formal reviews on a quarterly basis. Triggering factors that may stimulate additional reviews of a Client's account include, but are not limited to, the following: changes in economic conditions, changes in the Client's financial situation or investment objectives, and/or the Client's request for an additional review of the account.

Intermittent reviews may be triggered by substantial market fluctuations, economic or political events, or by changes in your financial status (such as retirement, termination of employment, relocation, or inheritance). Clients are advised to notify HCAS promptly if there are any material changes to their financial situation, investment objectives, or in the event they wish to place restrictions on their account.

HCAS reviews the third party money managers' investment strategies including current portfolio holdings on a continual basis. We review the investment programs of the third party money managers to analyze whether your portfolio is aligned with your investment goals and objectives. We may at times monitor the performance of the third party money managers and if necessary recommend the new managers.

Clients are encouraged to notify HCAS if changes occur in his/her personal financial situation that might adversely affect his/her investment plan.

Clients will receive a report at least quarterly from the custodian, detailing account performance and account holdings. In addition, the Client will receive other supporting reports from mutual funds, asset managers, trust companies or custodians, insurance companies, broker/dealers and others who are involved with Client accounts.

HCAS may supplement any such information, at its sole discretion. At its sole discretion, HCAS may also provide periodic written reports or letters to Clients.

CLIENT REFERRALS AND OTHER COMPENSATION

HCAS has arrangements with third party money managers. We receive compensation from third party investment advisory firms for client referrals.

HCAS will directly compensate unaffiliated third parties for client referrals and in doing so, the Firm will ensure that its solicitation activities are in compliance with Rule 206(4)-3 and that they comply with applicable state rules which may require registration of such persons. HCAS has entered into written arrangements to pay selling commissions and/or referral fees to individuals or companies ("solicitors") in connection with any referral of a potential Client who becomes a Client of HCAS.

In these cases, there will be a written agreement between HCAS and the solicitors, which clearly defines the duties and responsibilities of the solicitor under this arrangement. In addition, each solicitor is required to provide at the time of the solicitation, a written disclosure document which explains to the prospective Client the terms under which the solicitor is working for HCAS and the fact that the solicitor is being compensated for referral fees. The solicitor is also required to furnish a copy of the Firm's written disclosure document (Part 2A of Form ADV) to the prospective Client and obtain a written acknowledgement from the Client that both the solicitor's and HCAS's disclosure documents have been received.

FINANCIAL INFORMATION

HCAS is not the qualified custodian of Client funds or securities, does not have custody of Client funds or securities and does not require prepayment of fees of more than \$500 per Client, six (6) months or more in advance.

HCAS will comply with the balance sheet requirement within the jurisdictions in which it is registered as an Investment Adviser.

FINANCIAL CONDITION

HCAS is not required to disclose any financial information pursuant to this item due to the following:

- HCAS is not the qualified custodian of Client funds or securities, does not have custody of Client funds or securities and does not require prepayment of fees of more than \$500 per Client, six (6) months or more in advance.
- HCAS does not have any financial impairment that would preclude the Adviser from meeting contractual commitments to Clients.
- Neither HCAS nor its management has been the subject of a bankruptcy petition at any time during the last 10 years.