

# HOHIMER

## WEALTH MANAGEMENT

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## Form ADV Part 2A Brochure

September 14, 2020

This Brochure provides information about the qualifications and business practices of Hohimer Wealth Management, LLC (“HWM”). If you have any questions about the contents of this Brochure, please contact us at [info@hohimerwealthmanagement.com](mailto:info@hohimerwealthmanagement.com).

The information in this Brochure has not been approved or verified by the United States of America Securities and Exchange Commission (“SEC”) or by any state securities authority.

HWM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser. Additional information about HWM also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for HWM is 300140.

## Item 2 – Material Changes

This Item of the Brochure discusses only specific material changes that are made to the Brochure and provides clients with a summary of such changes. Below is a summary of those changes.

### Fees and Compensation

As of June 2020, HWM generally imposes a minimum annual fee of \$8,000, billed quarterly, per household for investment and wealth management services. Existing clients are grandfathered at the current fee rate reflected in their investment advisory agreement.

### Important Disclosures

We added important disclosures to various sections of this Brochure:

- Advisory Business
  - Information on the services provided by our affiliate, Risk & Liability Consultants LLC (“R&LC”)
- Fees and Compensation
  - Information on the compensation we may receive when we refer clients to R&LC and the conflict of interest this creates with our clients
- Other Financial Industry Activities and Affiliations
  - Information on the activities of R&LC
- Brokerage Practices
  - TD Ameritrade was added as an approved broker-dealer/custodian for client accounts
- Custody
  - We added important disclosures related to the firm having custody of over certain accounts to distribute assets subject to a third-party standing letter of authorization.
- Voting Client Securities
  - Effective September 2020, HWM will retain proxy voting authority for clients that have given us the authority to do so.

We encourage you to carefully review this Brochure prior to entering into an investment advisory contract with our firm. If you have any questions about the contents of this Brochure, please contact us at [info@hohimerwealthmanagement.com](mailto:info@hohimerwealthmanagement.com).

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## **Item 4 – Advisory Business**

HWM is a registered investment adviser solely owned by David Hohimer and has been providing advisory services since 2019. As of December 31, 2019, HWM has \$517,646,457 discretionary assets under management and \$52,264,867 non-discretionary assets under management.

HWM offers a variety of advisory services, which include investment and wealth management, financial planning, and consulting services. Prior to HWM rendering any of the foregoing services, clients are required to enter into one or more written agreements with HWM setting forth the relevant terms and conditions of the advisory relationship (the 'Advisory Agreement'). HWM manages investment portfolios for individuals, high net worth individuals, pensions, trusts, businesses and corporations. HWM will work with a client to determine the client's investment objectives and investor risk profile. These investment objectives may be set forth in a written Investment Policy Statement (IPS) that describes an asset allocation that conforms to a client's risk tolerance level and expected rate of return requirements. Investment and portfolio allocation software is used to evaluate alternative portfolio designs. HWM evaluates clients' existing investments with respect to their IPS and works with new clients to develop a plan to transition from a client's existing portfolio to the portfolio recommended by HWM. HWM then continuously monitors clients' portfolio holdings and holds regular review meetings with clients regarding their accounts, as necessary.

HWM will utilize the financial information provided by the client to analyze and develop strategies and solutions to assist the client in meeting their financial goals. HWM will allocate a client's assets among various investments taking into consideration the client's unique ability, need, and willingness to take risk.

### **Investment and Wealth Management Services**

HWM manages portfolios on both a discretionary and non-discretionary basis. HWM may also provide its clients with a broad range of services, as described in more detail below. HWM advises its clients by delivering tailored wealth management services and solutions. These services are based on a comprehensive understanding of each client's current situation, past experiences, and future goals. With this acquired knowledge HWM will create, analyze, strategize, and implement goal-oriented investment solutions. These solutions become our client's investment policy. This policy and our matched strategies are designed to be risk appropriate, cost effective and tax efficient.

HWM provides clients with wealth management services which generally include a broad range of comprehensive financial planning and consulting services, as well as discretionary and/or, in very limited circumstances, non-discretionary management of investment portfolios.

HWM primarily allocates client assets among individual equity and debt securities, exchange-traded funds ("ETFs"), and institutional mutual funds in accordance with the client's stated investment objective and risk/volatility parameter. HWM may also occasionally recommend clients allocate a certain portion of their assets to independent investment managers ("Independent Managers"). Where

appropriate, HWM may also provide advice about many types of legacy positions or other investments held in client portfolios. Clients may engage HWM to manage and/or advise on certain investment products that are not maintained at their primary custodian, such as variable life insurance and annuity contracts (to the extent permissible without an insurance license) and assets held in employer sponsored retirement plans and qualified tuition plans (i.e., 529 plans). In these situations, HWM will direct or make recommendations on a non-discretionary basis for the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or custodian for the plan trustee or administrator and clients retain responsibility for effecting trades in these accounts.

HWM tailors its advisory services to meet the needs of its individual clients and seeks to manage client portfolios in a manner consistent with the client's investment objective and risk tolerance parameter. HWM consults with clients on an initial and ongoing basis to assess their specific risk tolerance, time horizon, liquidity constraints and other related factors relevant to the management of their portfolios. Clients are advised to promptly notify HWM if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios. Clients may impose reasonable restrictions or mandates on the management of their accounts if HWM determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

To the extent a client decides to invest with an Independent Manager or in a particular fund, those managers and funds will have their own investment practices. Those investment practices are described in each managers' Form ADV or fund's prospectus, or in its offering or other disclosure documents. In addition, selected money managers or funds typically have discretion to determine the type and amount of securities to be purchased or sold for the client for that portion of the client's assets managed by the money manager or fund.

### **Independent Managers**

As mentioned above, HWM may select certain Independent Managers to actively manage a portion of its clients' assets. Pursuant to the terms of the investment advisory agreement, HWM shall have the discretion to appoint and terminate these third-party advisers. The specific terms and conditions under which a client engages an Independent Manager may also be set forth in a separate written agreement with the designated Independent Manager. In addition to this brochure, clients may also receive the written disclosure documents of the respective Independent Managers engaged to manage their assets. HWM evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent Managers themselves and other third-party analyses it believes are reputable. To the extent possible, HWM seeks to assess the Independent Managers' investment strategies, past performance and risk results in relation to its clients' individual portfolio allocations and risk exposure. HWM also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing and research capabilities, among other factors.

HWM continues to provide services relative to the discretionary or non-discretionary selection of the Independent Managers. On an ongoing basis, HWM monitors the performance of those accounts being managed by Independent Managers. HWM seeks to ensure the Independent Managers'

strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

### **Financial Planning and Consulting Services**

HWM starts with an extensive review of a client's family situation which includes assets and liabilities as well as estate, tax, and insurance needs. The Firm then employs a risk tolerance and risk capacity-focused simulation to get a detailed cash flow analysis and proposed asset allocation. Together, this information is analyzed to develop a proposed financial plan, which is designed to be dynamic in nature, ever-evolving due to life changes resulting from changes in cash flow needs, risk tolerance, time horizon, or investment objectives.

HWM's financial planning and consulting services may include any or all of the following functions:

Business Planning	Liability Management
Cash Flow Forecasting	Risk Management
Trust and Estate Planning	Charitable Planning
Financial Planning	Distribution Planning
Investment Consulting	Tax Planning
Insurance Planning	Retirement Plan Consulting

While each of these services is available on a stand-alone basis, certain of them may also be rendered in conjunction with investment portfolio management services, as part of a comprehensive wealth management engagement (described in more detail below). In performing these services, HWM is not required to verify any information received from the client or from the client's other professionals (e.g., attorneys, accountants, etc.), and is expressly authorized to rely on such information. HWM may recommend clients engage the firm for additional related services, or we may recommend other professionals to implement recommendations made by HWM. Such additional services by HWM or another professional will be provided for additional compensation, commensurate with the nature, extent, complexity, and other characteristics of such services. Clients are advised that a conflict of interest exists because the firm will have an incentive to recommend such additional services based on the compensation to be received, rather than solely based on the client's needs, and in some cases, based on the prospect of cross-referrals of advisory clients from the other professional or his or her firm.

HWM also provides advice in the form of financial consultations. These services, charged on either an hourly or fixed fee basis, consists of consultations based on specific investment and financial concerns of the client. Consulting services may include, for example, assistance with establishing and implementing a retirement plan, preparation or review of an investment policy statement, the compilation of reports on various investment accounts, and asset allocation recommendations. The scope and depth of the consultation varies depending on the client's particular circumstances and

needs. HWM provides financial planning and consulting services to non-advisory clients for a fixed fee or hourly fee.

Clients are under no obligation to act upon any recommendations made by HWM under a financial planning or consulting engagement or to engage the services of a third-party professional. Clients retain the absolute right to decide whether or not to act on such recommendations, and if they choose to act on such recommendations, whether to engage the Firm or such professional for such services or to engage another investment adviser or professional of their choosing, which may charge less (or more) for such services. Should a client choose to implement the recommendations contained in the plan, HWM suggests the client work closely with his/her attorney, accountant and/or insurance agent.

Implementation of financial plan recommendations is entirely at the client's discretion. Financial planning recommendations are of a generic nature and are not limited to any specific product or service offered by a broker dealer or insurance company.

### **Wrap Fee Program**

HWM also offers portfolio management services through a wrap fee program. A wrap fee program is an investment program wherein the investor pays one stated fee that includes management fees, transaction costs, custody, fund expenses, and any other administrative fees. Please refer to our Wrap Fee Brochure for more information on our Comprehensive Wrap Fee Program. This is provided as *Appendix 1* to this Brochure. A wrap fee program may not be the lowest cost option if you would like to restrict your investments to open-end mutual funds or other long-term investment products.

### **Pension and Other Retirement Plans**

In the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), HWM provides advisory services to pension plans and retirement plan clients. These include advisory services to company retirement plans (each a “Plan”) and the Plan’s sponsor (the “Plan Sponsor”). HWM provide discretionary advisory services as a 3(38) or non-discretionary advisory services as a 3(21) Fiduciary in support of the Plan Sponsor. HWM will provide the following plan fiduciary services pursuant to the terms of the Advisory Agreement with each Plan Sponsor:

- Plan Design Assistance
- Vendor Analysis
- Plan Participant Enrollment
- Investment Policy Statement (“IPS”)
- Investment Monitoring/Recommendation
- Plan Effectiveness Monitoring
- ERISA 404(c) Assistance
- Benchmarking Services

In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of HWM's fiduciary status, the specific services to be rendered and all direct and indirect compensation HWM reasonably expects under the engagement. HWM also provides the following non-advisory services to the Plan and the Plan Participants, pursuant to the terms of the Advisory Agreement with each Plan Sponsor:

- Investment Education
- Plan Sponsor Fiduciary Education
- Periodic on-site advisor visits with staff for account updates and reviews
- Periodic Plan Participant group education opportunities

**No Legal, Accounting or Tax Advice.** HWM does not provide any legal, accounting or tax advice. Client should seek the counsel of a qualified accountant and/or attorney when necessary. HWM may assist clients with tax harvesting and we will work with a client's tax specialist to answer any questions related to the client's portfolio account.

HWM is under common control with Risk & Liability Consultants LLC ("R&LC"), which provides commercial loan brokerage services, licensed mortgage brokerage services and offers insurance products through licensed agents and insurance agencies. Certain Supervised Persons of HWM are affiliated with R&LC and are licensed insurance agents, and therefore may refer clients of HWM to R&LC.

## **Item 5 – Fees and Compensation**

HWM offers investment and wealth management services for an annual fee based on the amount of assets under the firm's management. The specific manner in which fees are charged by HWM is established in a client's written investment advisory agreement. HWM will generally bill its fees in advance each calendar quarter based on the client's previous quarter end value. Clients may elect to be billed directly for fees or to authorize HWM to directly debit fees from the client's portfolio accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

For investment and wealth management services HWM provides with respect to certain client holdings (e.g., held-away assets, 529 plans, etc.), HWM may negotiate a fee rate that differs from the range set forth below. HWM, may, in its sole discretion, negotiate to charge a lesser fee based upon certain criteria, such as anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing/legacy client relationship, account retention and pro bono activities. Clients should note that similar advisory services may be available from other registered investment advisers for similar or lower fees.

HWM's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third-party investments and other third parties such as fees charged by



independent managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to HWM's fee, and HWM shall not receive any portion of these commissions, fees, and costs.

HWM has contracted with Trade-PMR for services including trade processing, collection of management fees, record maintenance, report preparation, marketing assistance and research. Item 12 further describes the factors that HWM considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

The following fee schedule is applicable as of this Brochure and includes maximum fees for portfolio management services:

<b>Assets Under Management</b>	<b>Fee</b>
First \$2,000,000	1.50%
\$2,000,000.01-\$5,000,000	1.00%
\$5,000,000.01-\$10,000,000	0.75%
\$10,000,000.01-\$25,000,000	0.60%
\$25,000,000.01-\$50,000,000	0.50%
\$50,000,000.01-\$100,000,000	0.40%
Over \$100,000,000	0.35%

This fee schedule may be based on cumulative household assets under management. However, certain ERISA rules prevent householding corporate plans with personal assets for fee reduction.

HWM generally imposes an annual fee of \$8,000, billed quarterly, per household for investment and wealth management services. Existing clients are grandfathered at the current fee rate reflected in the investment advisory agreement. You should refer to your advisory agreement for your specific fee rate(s).

### **Separate Financial Planning and Consulting Fee**

Fees for financial planning services and consulting services are billed on a flat rate or hourly rate. The hourly fee rate ranges between \$150- \$500 depending on the complexity of the services to be provided. HWM will request a retainer to begin services and final payment is due after services are rendered. The maximum fee charged for financial planning services is \$50,000.

Fees for consulting services are billed on a flat rate, hourly rate or on a one-time project basis.

In the event your financial planning or consulting agreement is terminated, and the fee is based on a flat or project rate, the fee will be prorated based on the services provided through the date of termination.

HWM considers numerous factors when determining fees, including, without limitation:

- The anticipated amount of time that will be spent completing the financial plan or consulting service and other related advice;
- The complexity of the client's needs, issues and/or goals;
- The extensiveness of the personal financial data needed to complete the financial plan;
- The client's net worth or value of investment accounts and/or other assets that are the subject of the financial plan or consulting services; and/or
- Special circumstances, such as life changes, marital status, special income needs, or needs related to a personal business.

### **Other Types of Compensation We Receive**

HWM is under common control with Risk & Liability Consultants LLC ("R&LC"), which provides commercial loan brokerage services, licensed mortgage brokerage services and offers insurance products through licensed agents and insurance agencies. Certain Supervised Persons of HWM are affiliated with R&LC and are licensed insurance agents, and therefore may refer clients of HWM to R&LC, for which they and HWM receive additional compensation in the form of transaction fees or commissions. The receipt of such compensation presents a conflict of interest and gives the Firm and Supervised Persons of the Firm an incentive to recommend insurance products and services offered by R&LC. HWM addresses this conflict of interest by upholding its fiduciary duty to provide investment advice that is in your best interest and disclosing the conflict to you before or at the time you enter into an investment advisory contract with our Firm. You have the option to purchase insurance that your investment adviser representative recommends through other agents that are not affiliated with HWM.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

HWM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client). All fees are calculated as described above and are not charged on the basis of income or capital gains or capital appreciation of the funds or any portion of the funds of an advisory client.

### **Item 7 – Types of Clients**

HWM provides portfolio management services to individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, family entities, charitable institutions, foundations, corporations, and other business entities.

HWM generally requires a minimum account of \$1,000,000 to open a portfolio. The firm, in its sole discretion, may accept client with smaller portfolios based upon each client's particular circumstances as it deems appropriate. HWM may aggregate the portfolios of family/household members to meet the minimum portfolio size.

Additionally, certain Independent Managers may impose more restrictive account requirements and varying billing practices than HWM. In such instances, HWM may alter its corresponding account requirements and/or billing practices to accommodate those of the Independent Managers.

## **Item 8 – Methods of Analysis, Investment Strategies**

HWM will carefully construct a tax-efficient and cost-effective asset allocation strategy based on a client's unique cash flow needs, stated return and risk profile. Security selection is based on qualitative, quantitative, technical, and relative strength metrics. Portfolios holdings are constantly monitored and adjusted as market conditions and our clients' circumstances dictate. Clients may hold or retain other types of assets as well, and HWM may offer advice regarding those various assets as part of its services. Advice regarding such assets will generally not involve asset management services but may help to more generally assist the client.

HWM predominantly allocates client assets to a combination of active and passive (tax-efficient and cost-effective) strategies, utilizing combinations of publicly traded securities such as stocks, bonds, ETFs, mutual funds, and/or separately managed portfolios. Nevertheless, individual client circumstances may dictate the use of other types of securities, actively managed portfolios, or alternative investments.

### **Risk of Loss**

Investing in securities involves risk of loss that clients should be prepared to bear.

All investments present the risk of loss of principal – the risk that the value of securities (e.g., stocks, mutual funds, ETFs, bonds, etc.), when sold or otherwise disposed of, may be less than the price paid for the securities. Even when the value of the securities when sold is greater than the price paid, there is the risk that the appreciation will be less than inflation. In other words, the purchasing power of the proceeds may be less than the purchasing power of the original investment.

HWM may recommend a variety of types of funds to our clients, including, but not limited to, U.S. or offshore unit investment trusts, open-end and closed-end mutual funds and hedge funds, private equity funds, venture capital funds, advisory accounts, real estate investment trusts, ETFs, or other private alternative or other investment funds. An investment in such other funds and managers may present risks peculiar to the particular investment vehicle, such as: long-term illiquidity, redemption notice periods or other restrictions on redemptions, capital calls, or periodic taxable income distribution.

Although all investments involve risk, HWM's investment advice seeks to limit risk through diversification among asset classes and, as appropriate for particular clients, the investment directly in fixed income securities to represent the fixed income class.

Depending upon the client's financial needs, strategies implemented might include long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), short sales, margin transactions, option writing, including covered options, uncovered options or spreading strategies, structured products, and other securities or derivatives transactions.

Described below are the material risks associated with investing in the types of securities we generally use in client accounts:

### **Equity Securities**

In general, prices of equity securities (common, convertible preferred stocks and other securities whose values are tied to the price of stocks, such as rights, warrants and convertible debt securities) are more volatile than those of fixed-income securities. The prices of equity securities could decline in value if the issuer's financial condition declines or in response to overall market and economic conditions. Investments in smaller companies and mid-size companies may involve greater risk and price volatility than investments in larger, more mature companies.

### **Fixed-Income Securities**

The return and principal value of bonds fluctuate with changes in market conditions. Fixed-income securities are subject to interest rate risk and credit quality risk. The market value of fixed-income securities generally declines when interest rates rise, and an issuer of fixed-income securities could default on its payment obligations. Changes in interest rates generally have a greater effect on bonds with longer maturities than on those with shorter maturities. If bonds are not held to maturity, they may be worth more or less than their original value. Credit risk refers to the possibility that the issuer of a bond will not be able to make principal and/or interest payments. High yield bonds, also known as "junk bonds," carry higher risk of loss of principal and income than higher rated investment grade bonds.

### **Mutual Funds**

Mutual funds may invest in different types of securities, such as value or growth stocks, real estate investment trusts, corporate bonds or U.S. government bonds. There are risks associated with each asset class.

An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the fund. Redemption is at the current net asset value, which may be more or less than the original cost. Aggressive growth funds are most suitable for investors willing to accept price per share

volatility since many companies that demonstrate high growth potential can also be high risk. Income from tax-free mutual funds may be subject to local, state and/or the alternative minimum tax.

Because each mutual fund owns different types of investments, performance will be affected by a variety of factors. The value of your investment in a mutual fund will vary from day to day as the values of the underlying investments in a fund vary. Such variations generally reflect changes in interest rates, market conditions and other company and economic news. These risks may become magnified depending on how much a fund invests or uses certain strategies. A fund's principal market segment(s), such as large-cap, mid-cap or small-cap stocks, or growth or value stocks may underperform other market segments or the equity markets as a whole.

You can find additional information regarding these risks in the fund's prospectus.

### **Exchange-Traded Funds (ETFs)**

ETFs are typically investment companies that are legally classified as open-end mutual funds or unit investment trusts. ETFs differ from traditional mutual funds in that ETF shares are listed on a securities exchange. Shares can be bought and sold throughout the trading day like shares of other publicly traded companies. ETF shares may trade at a discount or premium to their net asset value. This difference between the bid price and ask price is often referred to as the "spread." The spread varies over time based on the ETF's trading volume and market liquidity and is generally lower if the ETF has a lot of trading volume and market liquidity and higher if the ETF has little trading volume and market liquidity. Liquidity risks are higher for ETFs with a large spread. ETFs may be closed and liquidated at the discretion of the issuing company.

### **International Investing**

The risks of investing in foreign securities include loss of value as a result of political or economic instability; nationalization, expropriation or confiscatory taxation; changes in foreign exchange rates and foreign exchange restrictions; settlement delays; and limited government regulation (including less stringent reporting, accounting, and disclosure standards than are required of U.S. companies). These risks may be greater with investments in emerging markets. Certain investments utilized by Woodward Diversified Capital may also contain international securities.

### **Cash and Cash Equivalents**

A portion of your assets may be invested in cash or cash equivalents to achieve your investment objective, provide ongoing distributions, and/or take a defensive position. Cash holdings may result in a loss of market exposure.

## **Alternative Investments**

Alternative investments are illiquid investments and do not trade on a national securities exchange. Alternative investments typically include investments in direct participation program securities (partnerships, limited liability companies, business development companies or real estate investment trusts), commodity pools, private equity, private debt, or hedge funds. Alternative investments are subject to various risks, such as illiquidity and property devaluation based on adverse economic and/or real estate market conditions.

Alternative investments are not suitable for all investors. Investors considering an investment strategy utilizing alternative investments should understand that alternative investments are generally considered speculative in nature and may involve a high degree of risk, particularly if concentrating investments in one or few alternative investments. These risks are potentially greater and substantially different than those associated with traditional equity or fixed income investments. Additional information regarding these risks can be found in the product's prospectus or offering documents.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of HWM or the integrity of HWM's management. HWM has no information applicable to this Item.

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

HWM principal and owner, David Hohimer, is also the owner of Risk & Liability Consultants LLC ("R&LC"), a commercial loan broker specializing in connecting small business owners and investors with loans for their business or commercial uses, such as multifamily housing, construction, retail or refinancing an existing commercial loan. R&LC also provides licensed mortgage brokerage services and offers life insurance products through licensed agents and insurance agencies. Certain Supervised Persons of HWM are affiliated with R&LC and are licensed insurance agents.

Advisory clients of HWM may also be clients of R&LC. Clients are advised that the fees paid to HWM for investment advisory services are separate and distinct from any fees and compensation earned, whether directly or indirectly, by any of our Firm personnel in connection with commercial brokerage and insurance services offered by R&LC. Clients are informed that they are under no obligation to engage any entity affiliated with HWM.

Any recommendation to use the services of R&LC presents a conflict of interest as HWM and R&LC share a common owner, as well as personnel. HWM addresses this conflict of interest by upholding our fiduciary duty to provide investment advice that is in your best interest and disclosing the conflict

to you before or at the time you enter into an investment advisory contract with our Firm. As a fiduciary, we will only recommend R&LC's services to clients after providing you with disclosure of the conflict of interest and fees or commissions paid.

## **Item 11 – Code of Ethics, Participation in Client Transactions and Personal Trading**

HWM strives to identify, eliminate and/or mitigate conflicts and potential conflicts of interest and has adopted policies, procedures and oversight mechanisms to address such conflicts and potential conflicts of interest. HWM has specifically adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940. The Code of Ethics emphasizes HWM's fiduciary obligation to put client interests first and is designed to ensure personal securities transactions, activities, and interests of employees will not interfere with the responsibilities to make decisions in the best interest of clients.

HWM has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at HWM must acknowledge the terms of the Code of Ethics annually, or as amended.

HWM anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which HWM has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which HWM, its affiliates and/or clients, directly or indirectly, have a position of interest. HWM's employees and persons associated with HWM are required to follow HWM's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of HWM may trade for their own accounts in securities which are recommended to and/or purchased for HWM's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of HWM will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code of Ethics, certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of HWM's clients. Nonetheless, because the Code of Ethics would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between HWM and its clients.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with HWM's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price.

HWM will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the order.

HWM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at [info@hohimerwealthmanagement.com](mailto:info@hohimerwealthmanagement.com).

It is HWM's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. HWM will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

### **Selection and Recommendation of Broker-Dealers**

Though HWM recommends brokers with which we've negotiated pricing on behalf of our clients, we do not have discretionary authority to select brokers. We endeavor to select broker-dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on the broker's ability to provide professional services, competitive commission rates, research and other services that will help HWM provide investment management services to clients. HWM may recommend brokers who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance.

HWM utilizes Trade-PMR, Inc. ("Trade-PMR"), Charles Schwab & Co., Inc. ("Schwab"), TD Ameritrade, Inc. ("TD Ameritrade"), and Pershing Advisor Solutions ("Pershing") for brokerage and trade execution services. Trade-PMR clears trades and custodies assets with First Clearing Corp. ("FCC"). First Clearing is a trade name used by Wells Fargo Clearing Services, LLC., a non-bank affiliate of Wells Fargo & Company. Trade-PMR acts as an introducing broker dealer on a fully disclosed basis and is not affiliated with FCC. Trade-PMR, FCC, Schwab, TD Ameritrade, and Pershing are FINRA/SIPC member broker-dealers. The brokerage commissions and/or transaction fees charged by these broker-dealers are exclusive of and in addition to HWM's fee. HWM regularly reviews the reasonableness of the compensation received by the broker-dealers used for executing client transactions in an effort to ensure that our clients receive favorable execution consistent with our fiduciary duty. Factors which HWM considers in recommending broker-dealers to clients include,



but is not limited to, their respective financial strength, reputation, execution, pricing, research, and service. The commissions and/or transaction fees charged by these brokers may be higher or lower than those charged by other broker-dealers.

Effective October 7, 2019, Schwab has eliminated commissions for online trades of U.S. equities, ETFs and options (subject to \$0.65 per contract fee). Trade PMR eliminated commissions for online trades effective January 2020. TD Ameritrade also has eliminated commissions for online trades of U.S. equities, ETFs and options. We encourage you to review your broker-dealer's pricing to compare the total costs of entering into a wrap fee arrangement versus a non-wrap arrangement. You will still incur commissions and fees at Schwab for certain types of transactions in a non-wrap fee arrangement. To see what you would pay for transactions in a non-wrap account, please refer to Schwab's most recent pricing schedules available at [www.schwab.com/aspricingguide](http://www.schwab.com/aspricingguide).

The commissions paid by HWM's clients are intended to be consistent with HWM's duty to obtain "best execution." However, a client may pay a commission that is higher than what another qualified broker-dealer might charge to affect the same transaction when HWM determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealers' services, including among others, execution capability, commission rates, and responsiveness. Consistent with the foregoing, while HWM will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions.

Independent Managers selected by clients to manage clients' assets may request the discretion to select brokers and negotiate commissions on behalf of a client. HWM will not have control over trading execution by such managers. Clients should review the Form ADV disclosure documents of such managers for additional information regarding their trading practices.

### **Products & Services Available to Us from Broker-Dealers**

The broker-dealers we recommend to clients provide HWM with access to its institutional trading and custody services, which are typically not available to retail investors. These brokerage services include the execution of securities transactions, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Other benefits we may receive include receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its participants; access to block trading which provides the ability to aggregate securities transactions and then allocates the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information. Schwab's support services are generally available on an unsolicited basis and at no charge to us as long as we maintain a total of at least \$10 million of our clients' assets in accounts at Schwab.

HWM also receives other services from broker-dealers (or third-party vendors with which they do business) to help us manage and further develop our business enterprise. These services include educational conferences and events; technology, compliance, legal and business consulting;

publications and conferences on practice management and business succession; and access to employee benefits providers, human capital consultants and insurance providers. Fees for these services may be waived, discounted or compensated by the broker-dealer. Trade-PMR also provided HWM with nominal funding to assist with startup expenses establishing the business entity. Irrespective of these direct and indirect benefits to our clients, we strive to enhance our clients' experience and always put the needs of our clients first.

### **Research and Other Soft Dollar Benefits**

HWM does not participate in soft-dollar relationships.

### **Brokerage for Client Referrals**

When selecting broker-dealers for the execution of client securities transactions, HWM does not consider whether we will receive any client referrals from the broker-dealer or any other third-party.

### **Directed Brokerage**

As HWM will not request the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct HWM as to the broker-dealer to be used. The commissions and transaction fees charged by these broker-dealers could be higher or lower than those charged by other custodians and broker-dealers. In directing the use of a particular broker-dealer, it should be understood that HWM will not have authority to negotiate commissions among various broker-dealers or obtain volume discounts. As such, best execution may not be achieved. Not all investment advisers require clients to direct the use of specific broker-dealers

### **Aggregation of Orders**

Transactions for each client will generally be affected independently. For certain trades, HWM will block trades 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 the block. Block trading allows HWM to execute equity or fixed income trades in a timely, equitable manner and to reduce overall commission charges to clients. Clients who do not provide HWM with discretion will not participate in block trades, and their trades in similar securities will be placed with brokers after trades for discretionary accounts. Accounts owned by supervised persons of our firm may participate in block trading with your accounts; however, these individuals will not be given preferential treatment of any kind.

## **Item 13 – Review of Accounts**

For those clients to whom HWM provides investment management services, HWM performs periodic account reviews which may be in conjunction with the preparation of client's quarterly reports. This informal review may include assessing client goals and objectives, monitoring the portfolios and

addressing the need to rebalance. Individual securities held in client accounts will be periodically monitored by HWM, while the firm will monitor any selected third-party managers on a quarterly basis. 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, market conditions, or the political or economic environment.

Additional reviews that HWM may periodically perform include tax-planning, cash-flow needs, as well as charitable giving, insurance, and estate planning. All investment advisory clients are encouraged to discuss their needs, goals, and objectives with HWM and to keep HWM informed of any changes thereto. HWM shall contact ongoing investment advisory clients at least annually to review its previous services and/or recommendations and to discuss the impact resulting from any changes in the client's financial situation and/or investment objectives.

## **Reports**

Unless otherwise agreed upon, clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer or custodian for the client accounts. Those clients to whom HWM provides investment advisory services may also receive a written report from HWM that may include such relevant account and/or market-related information such as an inventory of account holdings and account performance on a quarterly basis.

As a convenience to our clients, in addition to reporting on clients' financial assets, at a client's request, the client's global consolidated report may also include certain non-financial assets (e.g., real assets). In such instances, HWM relies on the client to provide current and accurate price or other valuation information for those assets to be included in the client's consolidated account report. HWM does not independently verify, and expressly disclaims responsibility for, the accuracy of any non-financial asset values clients provide to us to include in their reporting.

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

HWM does not maintain any referral/solicitation relationships. However, as a courtesy to clients, HWM may introduce clients to other investment and non-investment related service providers/professionals, such as accountants, attorneys, insurance providers, other luxury service providers, etc. HWM does not receive any financial or economic benefit in exchange for these referrals, however these professional service providers may recommend HWM to their clients. The client is under no obligation to engage the services of any such introduced professional. The client retains absolute discretion over all such implementation decisions and is free to accept or reject any introduction or recommendation from HWM. Although HWM may have experience with these service providers, HWM has not performed due diligence on these service providers and is not responsible for the services provided by these services providers and/or professionals. HWM is not responsible for any losses caused by the actions of any third party recommended by HWM, including, without limitation, any accounting or legal professional services.

As noted in Item 12, HWM will receive additional benefits from Trade-PMR which includes electronic systems that assist in the management of HWM client accounts, access to research, the ability to directly debit client fees, software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), pricing information and other market data, assist with back-office functions, recordkeeping and client reporting.

The custodians and brokers may also make available to us other products and services that benefit us but may not directly benefit clients or their accounts. These products and services assist us in managing and administering our clients' accounts. They include investment research from the custodians and from third parties. We may use this research to service all or a substantial number of our clients' accounts, including accounts not maintained at the custodians.

Additionally, custodians and brokers may provide the following services that benefit HWM: i) educational conferences and events; ii) consulting on technology, compliance and business needs; and iii) publications and conferences on practice management and business succession.

## **Item 15 – Custody**

When you establish a relationship with our firm for investment management services, your assets will be maintained by a bank, broker-dealer, mutual fund transfer agent or other such institution deemed a 'qualified custodian' by the SEC. We rely on the custodian to price and value assets, execute and clear transactions, maintain custody of assets in your account and perform other custodial functions. HWM does not maintain physical possession of any client account assets.

Nevertheless, HWM is deemed to have custody due to its authority over certain accounts to distribute assets subject to a third-party standing letter of authorization. HWM will undergo a surprise custody examination by an independent public accountant each calendar year for any such accounts.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. HWM urges you to carefully review such statements and compare such official custodial records to any performance reports that we may provide to you. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. You should promptly notify us if you do not receive account statements from your custodian at least quarterly or if you believe the information on your account statements is inaccurate.

## **Item 16 – Investment Discretion**

HWM usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Additionally, HWM may manage client assets on a non-discretionary basis. In all cases, however, such discretion is to be exercised in a

manner consistent with the stated investment objectives for the particular client account. Investment guidelines and restrictions must be provided to HWM in writing.

## **Item 17 – Voting Client Securities**

As a general policy, HWM will retain proxy voting authority for clients that have given us the authority to do so. In such cases, we will follow the proxy voting guidelines outlined in our Proxy Voting Policies and Procedures. You may obtain a copy of our Proxy Voting Policies and Procedures and/or a record of ballots voted upon by contacting us at [info@hohimerwealthmanagement.com](mailto:info@hohimerwealthmanagement.com). Clients may also elect to have us participate in class action lawsuits and related settlements on their behalf. In such cases, we utilize a third-party service provider to assist the firm with the filing process, who receives 20% of any settlement awarded to the client for their services.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about HWM's financial condition. HWM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, has not been the subject of a bankruptcy proceeding and does not require or request prepayment of more than \$1,200 in fees per client, six months or more in advance.