

Horizon Financial Services, LLC

Firm Brochure

This brochure provides information about the qualifications and business practices of Horizon Financial Services, LLC. If you have any questions about the contents of this brochure, please contact us at (336) 659-7060 or by email at: melissa.chadwick@horizonfs.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Horizon Financial Services, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. Horizon Financial Services, LLC's CRD number is: 158798.

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Registration does not imply a certain level of skill or training.

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Item 2: Material Changes

Since the last annual filing on February 19, 2020, the following changes have occurred:

- Item 4 has been updated to disclose the most recent calculation for assets under management.
- Item 5 has been updated to disclose our new fee schedule for assets under advisement.

Item 3: Table of Contents

Table of Contents

Item 2: Material Changes.....	i
Item 3: Table of Contents.....	ii
Item 4: Advisory Business.....	1
A. Description of the Advisory Firm.....	1
B. Types of Advisory Services.....	1
Assets Under Advisement.....	2
Financial Planning and Consulting Services.....	2
Seminars and Workshops.....	2
C. Client Tailored Services and Client Imposed Restrictions.....	2
D. Wrap Fee Programs.....	3
E. Amounts Under Management.....	3
Item 5: Fees and Compensation.....	3
A. Fee Schedule.....	3
Asset Management.....	3
Assets Under Advisement.....	5
Financial Planning and Consulting Services.....	6
Seminars and Workshops.....	6
B. Payment of Fees.....	6
Payment of Asset Management Fees.....	6
C. Clients Are Responsible For Third Party Fees.....	7
D. Prepayment of Fees.....	7
E. Outside Compensation For the Sale of Securities to Clients.....	7
Item 6: Performance-Based Fees and Side-By-Side Management.....	7
Item 7: Types of Clients.....	7
Minimum Account Size.....	8
Item 8: Methods of Analysis, Investment Strategies, and Risk of Investment Loss.....	8
A. Methods of Analysis and Investment Strategies.....	8
Methods of Analysis.....	8
Charting analysis.....	8
Fundamental analysis.....	8
Technical analysis.....	8
Investment Strategies.....	8
B. Material Risks Involved.....	8
Methods of Analysis.....	8
Fundamental analysis.....	9
Technical analysis.....	9

Investment Strategies.....	9
C. Risks of Specific Securities Utilized.....	9
Item 9: Disciplinary Information.....	9
A. Criminal or Civil Actions.....	9
B. Administrative Proceedings.....	9
C. Self-Regulatory Organization (SRO) Proceedings.....	10
Item 10: Other Financial Industry Activities and Affiliations.....	10
A. Registration as a Broker/Dealer or Broker/Dealer Representative.....	10
B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.....	10
C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests.....	10
D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections.....	10
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	11
A. Code of Ethics.....	11
B. Recommendations Involving Material Financial Interests.....	11
C. Investing Personal Money in the Same Securities as Clients.....	11
D. Trading Securities At/ Around the Same Time as Clients' Securities.....	12
Item 12: Brokerage Practices.....	12
A. Factors Used to Select Custodians and/or Broker/Dealers.....	12
1. Research and Other Soft-Dollar Benefits.....	12
2. Brokerage for Client Referrals.....	12
3. Clients Directing Which Broker/Dealer/Custodian to Use.....	12
B. Aggregating (Block) Trading for Multiple Client Accounts.....	12
Item 13: Reviews of Accounts.....	13
A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews.....	13
B. Factors That Will Trigger a Non-Periodic Review of Client Accounts.....	13
C. Content and Frequency of Regular Reports Provided to Clients.....	13
Item 14: Client Referrals and Other Compensation.....	13
A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes).....	13
B. Compensation to Non - Advisory Personnel for Client Referrals.....	13
Item 15: Custody.....	14
Item 16: Investment Discretion.....	14
Item 17: Voting Client Securities (Proxy Voting).....	14
Item 18: Financial Information.....	14
A. Balance Sheet.....	14
B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients.....	14
C. Bankruptcy Petitions in Previous Ten Years.....	14

Item 4: Advisory Business

A. Description of the Advisory Firm

Horizon Financial Services, LLC is a Limited Liability Company organized in the state of North Carolina.

This firm has been in business since July 2011, and the principal owner is John Joseph Brais.

B. Types of Advisory Services

Horizon Financial Services, LLC (hereinafter "HFS") offers the following services to advisory clients:

Asset Management

HFS offers discretionary and non-discretionary direct asset management services to advisory clients. HFS will offer clients ongoing portfolio management services through determining individual investment goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, asset allocation, portfolio monitoring and the overall investment program will be based on the above factors. The client will authorize HFS discretionary authority to execute selected investment program transactions as stated within the Investment Advisory Agreement.

Discretionary

When the Client provides HFS discretionary authority the Client will sign a limited trading authorization or equivalent. HFS will have the authority to execute transactions in the account without seeking Client approval on each transaction.

When deemed appropriate for the Client, HFS may hire Sub-Advisors to manage all or a portion of the assets in the Client account. HFS has full discretion to hire and fire Sub-Advisors as they deem suitable. Sub-Advisors will maintain the models or investment strategies agreed upon between Sub-Advisor and HFS. Sub-Advisors execute trades on behalf of HFS in Client accounts. HFS will be responsible for the overall direct relationship with the Client. HFS retains the authority to terminate the Sub-Advisor relationship at HFS's discretion.

Non-Discretionary

When the Client elects to use HFS on a non-discretionary basis, HFS will determine the securities to be bought or sold and the amount of the securities to be bought or sold. However, HFS will obtain prior Client approval on each and every transaction before executing any transaction.

Assets Under Advisement

HFS offers consulting services to individuals on assets not held with HFS custodian. For example, qualified plans, such as 401K, 401A, 403B, TSA, SRA, 457 etc. In addition, HFS offers ongoing reviews of variable annuities. HFS will make recommendations on asset allocations on the investment options available within the contract. Any implementation of recommendations is at the sole discretion of the client. HFS is not responsible for ensuring if recommended changes have been made or held liable when a client chooses not to make recommended changes. However, HFS encourages clients to make changes in a timely manner and to notify HFS when the changes have been made. HFS will work with individuals on determining their individual goals, time horizons, objectives, and risk tolerance. Investment strategies, investment selection, and asset allocation are based on the above factors. The accounts will be monitored on at least a quarterly basis, or as requested otherwise by client, either by the client linking their account in Emoney, listing HFS as a person of interest to receive duplicate statement copies, or providing screen shots or statement copies showing the balance and holdings in the account.

Financial Planning and Consulting Services

HFS offers financial planning and consulting services to clients. These services cover all areas of financial planning and consulting to risk management and estate conservation. HFS specializes in helping clients develop a comprehensive and cohesive financial strategy that fits their unique needs and enables them to meet both short and long term objectives. If a conflict of interest exists between the interests of the investment advisor and the interests of the client; the client is under no obligation to act upon the investment advisor's recommendation. If the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through HFS.

Seminars and Workshops

HFS holds seminars and workshops to educate the public on retirement and financial planning. The seminars are educational in nature and no specific investment or tax advice is given.

C. Client Tailored Services and Client Imposed Restrictions

HFS offers the same suite of services to all of its clients. However, specific client financial plans and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

D. Wrap Fee Programs

HFS does not sponsor a wrap fee program.

E. Amounts Under Management

HFS has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$158,623,944	\$1,079,991	08/11/2021

Item 5: Fees and Compensation

A. Fee Schedule

Asset Management

HFS offers discretionary and non-discretionary direct asset management services to advisory clients on assets held with HFS custodian. HFS charges an annual investment advisory fee based on the total assets under management as follows **when no Sub-Advisor is used:**

Total Assets Under Management	Max Annual Fee
Under \$100,000	1.50%
\$100,001 - \$250,000	1.25%
\$250,001 - \$1,000,000	1.00%
\$1,000,001 - \$2,000,000	0.90%
\$2,000,001 - \$4,000,000	0.80%
\$4,000,001 - \$8,000,000	0.60%
\$8,000,001 - \$15,000,000	0.40%
\$15,000,001+	0.20%

The annual fee may be negotiable. Accounts within the same household may be combined for a reduced fee.

Fees are paid quarterly in advance, and clients may terminate their contracts with seven days' written notice. For accounts opened mid-billing period initial fees for the partial quarter will be prorated. For accounts closed mid-billing period, any unearned fees will be refunded to the Client. Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Fees that are collected in advance will be refunded based on the prorated amount of work completed up to the day of termination within the quarter terminated. The fee refunded will be the balance of the fees collected in advance minus the daily rate* times the number of days in the quarter up to and including the day of termination. (*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Lower fees for comparable services may be available from other sources.

HFS charges an annual investment advisory fee based on the total assets under management as follows **when a Sub-Advisor is used**:

Total Assets Under Management	Max Annual Fee
Under \$100,000	1.70%
\$100,001 - \$250,000	1.45%
\$250,001 - \$1,000,000	1.20%
\$1,000,001 - \$2,000,000	1.10%
\$2,000,001 - \$4,000,000	1.00%
\$4,000,001 - \$8,000,000	0.80%
\$8,000,001 - \$15,000,000	0.60%
\$15,000,001+	0.40%

The annual fee may be negotiable. Accounts within the same household may be combined for a reduced fee.

Fees are paid monthly in arrears, based on the account balance at the end of the previous month. For accounts opened mid-billing period initial fees for the partial quarter will be prorated. Clients may terminate their contracts with seven days' written notice. For accounts closed mid-billing period, any unpaid fees will be due to HFS. Lower fees for comparable services may be available from other sources.

Assets Under Advisement

HFS offers consulting services to individuals on assets not held with HFS custodian. HFS charges an annual investment advisory fee based on the total assets under advisement as follows:

Total Assets Under Advisement	Annual Fee	Quarterly Fee
Under \$100,000	1.50%	.375%
\$100,001 - \$250,000	1.25%	.3125%
\$250,001 - \$1,000,000	1.00%	.25%
\$1,000,001 - \$2,000,000	0.90%	.225%
\$2,000,001 - \$3,000,000	0.80%	.2%
More than \$3,000,001	0.70%	.175%

Fees for investment advisory services will be calculated annually and based on the Account balance at the time services are engaged pursuant to the Schedule of Fees (D) and reviewed annually in conjunction with the Agreement's anniversary date. Annual fees will be calculated, divided by 12 and billed monthly in arrears. Each year on the anniversary of this Agreement, the Account balance will be reviewed with Client and advisory fees calculated for the upcoming year using the same methodology. (For clients with mid-month engagement dates, advisory fees will begin on the first day of the first complete month following the engagement date.)

Should Client roll funds out of the Account or withdraw funds mid-year and the Account balance is reduced by 20 percent or more, IA will recalculate fees for the remainder of the year and subsequent monthly invoices will be adjusted accordingly. Client assumes responsibility and agrees to alert IA as soon as funds totaling 20 percent or more of the Account are rolled out or withdrawn from the Account and not deposited into another account managed by IA. If an updated statement or screenshot is not provided after a rollover or withdrawal is processed and IA is not alerted by Client that such action has taken place, IA will continue to bill fees monthly based on the last known Account balance used to calculate annual fees.

Fees will not be reassessed mid-year based on deposits into the Account.

Investment advisory fees will be billed directly to Client or deducted from another account managed by IA as directed by Client. (An invoice for fees will be

provided to clients that choose to pay by direct billing, either by check or credit card.)

Should advisory services be terminated mid-billing period, fees will not be charged or invoiced after the month in which services are terminated.

Clients may terminate their contracts without penalty, for full refund, within seven (7) business days of signing the advisory contract. Advisory fees are withdrawn directly from the client's accounts with client written authorization.

Financial Planning and Consulting Services

HFS charges an hourly fee for financial consultations. Prior to the consultation process the client will be provided an estimated fee. The services include, but are not limited to, a thorough review of all applicable topics including Wills, Estate Plan/Trusts, Investments, Taxes, and Insurance. The payments are received in two installments; the first half at the commencement of the consultation, with the balance due upon completion. Services are completed and delivered inside of sixty (60) days. Client may cancel services within seven (7) days of signing the advisory agreement for a full refund. If client cancels after the seven (7) business days, any unpaid earned fees will be due to HFS or unearned fees will be refunded to the client.

HOURLY FEES FOR CLIENT'S THAT HAVE ASSETS MANAGED BY HFS

Financial Consulting Services are offered based on an hourly fee of \$150 per hour with a minimum of one hour of service. Fees will be charged in 15 minute increments after the initial hour.

HOURLY FEES FOR CLIENT'S THAT DO NOT HAVE ASSETS MANAGED BY HFS

Financial Consulting Services are offered based on an hourly fee of \$300 per hour with a minimum of one hour of service. Fees will be charged in 15 minute increments after the initial hour.

Seminars and Workshops

HFS holds seminars and workshops to educate the public on retirement and financial planning. The seminars are educational in nature and no specific investment or tax advice is given.

HFS offers these seminars for a registration fee of up to \$100 per person.

B. Payment of Fees

Payment of Asset Management Fees

Advisory fees are withdrawn directly from the client's accounts with client written authorization. Fees are paid quarterly in advance.

C. Clients Are Responsible For Third Party Fees

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by HFS. Please see Item 12 of this brochure regarding broker/custodian.

D. Prepayment of Fees

HFS collects fees in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be deposited back into client's account.

The fee refunded will be the balance of the fees collected in advance minus the daily rate* times the number of days in the quarter up to and including the day of termination. (*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

Financial Planning and Consultations are billed 50% in advance. Client may cancel within seven (7) business days of signing the Investment Advisory Agreement for a full refund. If cancellation occurs after seven (7) business days, client will be entitled to a pro-rata refund based on work completed.

E. Outside Compensation For the Sale of Securities to Clients

Neither HFS nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

HFS does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7: Types of Clients

HFS generally provides management supervisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans

Minimum Account Size

HFS has a minimum account size of \$50,000. In certain circumstances HFS may reduce this minimum at their discretion. Fees will not exceed 2% of assets per year.

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

A. Methods of Analysis and Investment Strategies

Methods of Analysis

HFS's methods of analysis include charting analysis, fundamental analysis, and technical analysis.

Charting analysis involves the use of patterns in performance charts. HFS uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

Fundamental analysis involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

Technical analysis involves the analysis of past market data; primarily price and volume.

In developing a financial consultation for a client, HFS' analysis may include cash flow analysis, investment planning, risk management, tax planning and estate planning. Based on the information gathered, a detailed strategy is tailored to the client's specific situation.

The main sources of information include financial newspapers and magazines, research materials prepared by others, corporate rating services, annual reports, prospectuses, and filings with the Securities and Exchange Commission.

Investment Strategies

HFS uses long and short term trading strategies.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

B. Material Risks Involved

Methods of Analysis

Charting analysis strategy involves using and comparing various charts to predict long and short term performance or market trends. The risk involved in

Form ADV 2A Version: 02.19.20

solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Investment Strategies

Long term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short term trading generally holds greater risk and clients should be aware that there is a material risk of loss using this strategy.

Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

C. Risks of Specific Securities Utilized

HFS generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets.

Past performance is not a guarantee of future returns. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

Item 9: Disciplinary Information

A. Criminal or Civil Actions

There are no criminal or civil actions to report.

B. Administrative Proceedings

There are no administrative proceedings to report.

C. Self-Regulatory Organization (SRO) Proceedings

There are no self-regulatory proceedings to report.

Item 10: Other Financial Industry Activities and Affiliations

A. Registration as a Broker/Dealer or Broker/Dealer Representative

Neither HFS nor its representatives are registered as or have pending applications to become a broker/dealer or as representatives of a broker/dealer.

B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor

Neither HFS nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests

John Joseph Brais, Scott Walker, Joseph Perkins and Melissa Chadwick are licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. This conflict is mitigated by disclosures, procedures, and the firm's Fiduciary obligation. HFS always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to implement the plan through any representative of HFS in their capacity as an insurance agent.

D. Selection of Other Advisors or Managers and How This Adviser is Compensated for Those Selections

HFS may also utilize the services of a Sub-Advisor to manage Clients' investment portfolios. Sub-Advisors will maintain the models or investment strategies agreed upon between Sub-Advisor and HFS. Sub-Advisors execute all trades on behalf of HFS in Client accounts. HFS will be responsible for the overall direct relationship with the Client. HFS retains the authority to terminate the Sub-Advisor relationship at HFS's discretion.

In addition to the authority granted to HFS, Clients will grant HFS full discretionary authority and authorizes HFS to select and appoint one or more independent investment advisors (“Advisors”) to provide investment advisory services to Client without prior consultation with or the prior consent of Client. Such Advisors shall have all of the same authority relating to the management of Client’s investment accounts as is granted to HFS in the Agreement. In addition, at HFS’s discretion, HFS may grant such Advisors full authority to further delegate such discretionary investment authority to additional Advisors.

This practice does not represent a conflict of interest as the fees charged by HFS remain the same fees regardless of the use of the Sub-Advisor.

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

A. Code of Ethics

We have a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. Our Code of Ethics is available free upon request to any client or prospective client.

B. Recommendations Involving Material Financial Interests

HFS does not recommend that clients buy or sell any security in which a related person to HFS or HFS has a material financial interest.

C. Investing Personal Money in the Same Securities as Clients

From time to time, representatives of HFS may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of HFS to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. HFS will always document any transactions that could be construed as conflicts of interest and will always transact client business before their own when similar securities are being bought or sold.

D. Trading Securities At/Around the Same Time as Clients' Securities

From time to time, representatives of HFS may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of HFS to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. HFS will always transact client's transactions before its own when similar securities are being bought or sold.

Item 12: Brokerage Practices

A. Factors Used to Select Custodians and/or Broker/Dealers

The Custodian, TD AMERITRADE Institutional, Division of TD AMERITRADE, Inc., member FINRA/SIPC/NFA (CRD # 5633), was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. HFS will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

1. *Research and Other Soft-Dollar Benefits*

HFS does not receive any soft dollars.

2. *Brokerage for Client Referrals*

HFS receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

3. *Clients Directing Which Broker/Dealer/Custodian to Use*

HFS will not allow clients to direct HFS to use a specific broker-dealer to execute transactions. Clients must use HFS recommended custodian (broker-dealer). By requiring clients to use our specific custodian, HFS may be unable to achieve most favorable execution of client transactions and this may cost clients' money over using a lower-cost custodian.

B. Aggregating (Block) Trading for Multiple Client Accounts

HFS maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of clients by providing HFS the ability to purchase

larger blocks resulting in smaller transaction costs to the client. Declining to block trade can cause more expensive trades for clients.

Item 13: Reviews of Accounts

A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews

Client accounts are reviewed at least monthly by Investment Advisor Representatives of HFS. Account reviews are performed more frequently when market conditions dictate.

B. Factors That Will Trigger a Non-Periodic Review of Client Accounts

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

C. Content and Frequency of Regular Reports Provided to Clients

Each client will receive at least quarterly from the custodian, a written report that details the client's account including assets held and asset value which will come from the custodian.

Item 14: Client Referrals and Other Compensation

A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)

HFS does not receive any economic benefit, directly or indirectly from any third party for advice rendered to HFS clients.

B. Compensation to Non - Advisory Personnel for Client Referrals

HFS may enter into solicitation agreements pursuant to which it compensates third-party intermediaries for client referrals that result in the provision of investment advisory services by HFS. HFS will disclose these solicitation arrangements to affected investors, and any cash solicitation agreements will comply with Rule 206(4)-3 under the Advisers Act. Solicitors introducing clients to HFS may receive compensation from HFS, such as a retainer, a flat fee per referral and/or a percentage of introduced capita. Such compensation will be paid

pursuant to a written agreement with the solicitor and generally may be terminated by either party from time to time. The cost of any such fees will be borne entirely by HFS and not by any affected client.

Item 15: Custody

HFS does not have custody of client assets. All assets are held at qualified custodians. Clients will receive all required account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Item 16: Investment Discretion

For those client accounts where HFS provides ongoing supervision, the client has given HFS written discretionary authority over the client's accounts with respect to securities to be bought or sold and the amount of securities to be bought or sold. Details of this relationship are fully disclosed to the client before any advisory relationship has commenced. The client provides HFS discretionary authority via a limited power of attorney in the Investment Advisory Contract and in the contract between the client and the custodian.

Item 17: Voting Client Securities (Proxy Voting)

HFS will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

Item 18: Financial Information

A. Balance Sheet

HFS does not require nor solicit prepayment of more than \$1200 in fees per client, six months or more in advance and therefore does not need to include a balance sheet with this brochure.

B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients

Neither HFS nor its management have any financial conditions that are likely to reasonably impair our ability to meet contractual commitments to clients.

C. Bankruptcy Petitions in Previous Ten Years

HFS has not been the subject of a bankruptcy petition in the last ten years.