

*Firm Brochure: Form ADV-Part 2A*

**Harvest Investment Consultants, LLC**

Registered Investment Advisor

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This Brochure provides information about the qualifications and business practices of Harvest Investment Consultants, LLC. If you have any questions about the contents of this Brochure, please contact us at 410-561-9040. 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.

Harvest Investment Consultants, LLC is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Advisor provide you with information about which you determine to hire or retain an Advisor.

Additional information about Harvest Investment Consultants, LLC is available on the SEC's website at <http://www.adviserinfo.sec.gov>.

Date of Firm Brochure: March 25, 2021

## 2. Material Changes

Since the filing of our last annual update on 03/02/2020 there have been the following material changes to our disclosure brochure:

- Item 18 Receipt of a Paycheck Protection Program ("PPP") loan through the U.S. Small Business Administration, which was part of the economic relief provided under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

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#### 4. Advisory Business

- A. Harvest Investment Consultants, LLC (Advisor) has been in business since 1987. The previous legal names were Harvest Investment Consultants, Inc., and Hickory Capital Management, Inc. The Principal owner is Michael J. Meily, Chief Compliance Officer.
- B. Harvest provides professional fee-based investment management services to numerous organizations and private clients. We provide customized portfolio design and active portfolio management for individuals and families, as well as professional investment management and consulting services for defined benefit plans, 401(k) retirement plans, endowments, charitable organizations and more.

We focus on designing and maintaining growth and income, balanced, and fixed income portfolios, based upon the needs of each client. Our portfolios may include a variety of security types such as; individual bonds, stocks, mutual funds, ETFs, REITs, CDs, hybrid securities and preferred stocks. We seek to manage risk on multiple levels and our investment portfolio focus is on absolute, not relative performance.

In addition to portfolio management, we offer personalized financial and retirement planning services to our clients, which can be billed at either an hourly rate or flat fee and is disclosed to the client prior to such engagement. Harvest utilizes a modularized approach to the financial planning process. Some areas in which we may assist clients include retirement planning, retirement income distribution planning, education planning, insurance analysis, charitable contribution planning, and estate planning. We approach the financial planning process in the same way as we handle our investment management services; we spend significant time with clients to fully understand their questions and objectives. We then seek to provide an unbiased perspective, and planning guidance that is both practical and functional, based upon the needs of each client. We encourage our clients to review pertinent planning information with us at least annually, and whenever a significant life event or important changes occur.

We can work closely with a client's existing professional relationships, coordinating with their attorney, accountant, or other trusted advisors. Likewise, we have relationships with many other professionals who can be brought into the planning team at any time, based on the needs of a specific planning project.

- C. The Advisor and portfolio management team develop an appropriate investment profile for each client, considering any unique needs or applicable restrictions to be followed. The client-specific profile in conjunction with interview data and risk tolerance communications will drive the portfolio

design process at Harvest. Clients may impose restrictions on investing in certain securities or provide other specific investment restrictions to be followed during the design, implementation, and ongoing management processes.

D. Retirement Plan to Rollover IRA

Harvest Investment Consultants (“HIC”) earns investment advisory fees by recommending that a client rollover his or her retirement plan account (e.g. 401(k), 403(b), TSP, Pension Plan) to an IRA; however, HIC will not earn an investment advisory fee if client does not rollover the funds in the retirement plan (unless a client retained HIC to provide advice about the retirement plan account). Thus, HIC has an economic incentive to recommend a rollover of your retirement plan account, which is a conflict of interest. HIC has taken steps to help manage this conflict of interest arising from rolling over funds from an Employee Retirement Income Security Act of 1974 as amended (“ERISA”) covered retirement plan to an IRA. HIC will (i) provide investment advice to ERISA covered retirement plan participants regarding a rollover of funds from the ERISA covered retirement plan in accordance with the fiduciary status described, (ii) not recommend investments which result in HIC receiving unreasonable compensation related to the rollover of funds from the ERISA covered retirement plan to an IRA, and (iii) fully disclose compensation received by HIC and its supervised persons and any material conflicts of interest related to HIC recommending the rollover of funds from the ERISA covered retirement plan to an IRA and refrain from making any materially misleading statements regarding such rollover.

E. Advisor does **not** participate in wrap fee programs.

F. Assets under management as of December 31, 2020 are as follows:

Discretionary:	\$385,555,380
Non-Discretionary:	\$0
Total:	\$385,555,380

## 5. Fees and Compensation

A. Management fees are paid quarterly in advance based on the market value of securities placed under supervision at the inception of the agreement and thereafter at the end of each calendar quarter. Fees are negotiable and Advisors can waive the account minimum. Such exceptions can be based on factors such as client relationships, complexity of account assets, and total amount of assets.

## Fee Schedule

### EQUITY and BALANCED:

<u>Account Size</u>	<u>Fee</u>
Up to \$250,000	1.20%
From \$250,001 to \$2,000,000	1.00%
From \$2,000,001 to \$3,000,000	.80%
From \$3,000,001 to \$5,000,000	.60%
From \$5,000,001 to \$10,000,000	.50%
Over \$10,000,000	Negotiated

### FIXED INCOME:

<u>Account Size</u>	<u>Fee</u>
From \$250,000 to \$500,000	.60%
From \$500,001 to \$2,000,000	.50%
From \$2,000,001 to \$5,000,000	.40%
From \$5,000,001 to \$10,000,000	.30%
Over \$10,000,000	Negotiated

- B. Fees are deducted from clients' accounts or billed to the client by invoice on a quarterly basis. The client may select either method. **Harvest reserves the right to deduct the invoiced advisory fee from the account(s) under management for any clients on direct billing who have an outstanding balance due at the end of the calendar quarter.**
- C. Advisor maintains an independent and unbiased focus by not receiving commissions, transaction related income, or soft dollars other than those falling under Section 28(e) of the Securities and Exchange Act of 1934 ("research and brokerage services" from Fidelity, Charles Schwab, and TD Ameritrade). The client may, in connection with our Advisory services, incur other costs such as custodial transaction costs and mutual fund/ETF internal expenses. (See Section 12 - Brokerage Practices).

While some of our basic planning services are provided at no additional cost areas, complex or comprehensive planning which may require the outside services of an attorney or a CPA will be handled on a project basis. Planning and project fees are provided before the project commences.

Also, when beneficial to the client, individual fixed-income and/or equity transactions may be effected through broker-dealers with whom Advisor and/or the client have entered into arrangements for prime brokerage clearing services, including effecting certain client transactions through other SEC registered and FINRA member broker-dealers (in which event, the client generally will incur both the transaction fee charged by the executing broker-dealer and a "trade-away" fee charged by their broker-dealer/custodian).

- D. Client fees are billed in advance. Clients may terminate the services of Advisor at any time with written notice. A client will receive a pro-rata refund for the unused portion of the management fee if the Advisory contract is terminated before the end of the billing period.

Advisor receives no compensation for the sale of securities or other investment products, including asset-based sales charges or service charges from the sale of funds. Advisor does not reduce fees to offset qualified custodian commissions. Advisor has no material conflict of interest other than Section 4.D. (Qualified Plan Rollover to IRA).

Clients have the option to purchase investment products the Advisor recommended through other brokers or agents not affiliated with the Advisor.

## **6. Performance Based Fees & Side-By-Side Management**

There is no performance-based compensation and side by side management.

## **7. Types of Clients**

The Advisor serves numerous organizations and private clients by providing professional investment management solutions in areas such as defined benefit plans, 401(k) retirement plans, endowments, charitable organizations, trust management services, and personalized asset management services for individuals and families. Our minimum account size for opening a customized account is \$250,000. The Advisor can waive the account minimum.

## **8. Method of Analysis, Investment Strategies and Risk of Loss**

- A. Analysis and Investment Strategies – Harvest seeks first to manage client investment risk levels by using risk profiles and by engaging the client in a discussion to understand risk tolerance, time horizon, income needs, and other material factors. Inherent in this approach is the understanding that portfolio management is not a “one size fits all” solution, and that each client’s risk tolerance level needs to be correctly identified initially and reviewed periodically. Additionally, we go to great lengths to build diversified portfolios for each of our clients.

Portfolio risk is then managed with various research and analytical tools and within the portfolio design. These tools will vary depending on the nature of the investment(s):

- a) **Mutual Funds and ETFs** (Exchange-Traded Funds) – Harvest utilizes screening process developed over the past to identify a mutual fund “universe” deemed suitable for our clients. This universe is developed and maintained utilizing Morningstar Principia™ database tools in conjunction with our own analytical techniques. Funds are analyzed for a variety of metrics including; asset class concentration, historical performance and volatility, risk efficiency metrics, sector/industry exposure, geographic dispersion, style characteristics, peer group comparisons, management history, transaction costs, and internal cost structure.

- b) **Fixed Income Securities** – Harvest follows an established discipline with respect to all fixed income investment decisions. When possible, we seek to employ a block purchase approach to achieve cost and efficiency benefits for our clients. We are not limited to custodian-supplied inventory, and in fact, we maintain multiple relationships with independent bond dealers across the country. In addition, Harvest uses a three-tiered approach towards fixed income research.
1. Independent Research and Credit Rating Services: Harvest utilizes independent rating services that do not have any of the inherent conflicts of interest found in larger, more well-known ratings services such as Standard & Poor's or Moody's, which are actually paid by issuers to provide the credit ratings on bonds. Harvest also utilizes numerous independent investment research firms and industry publications to analyze individual companies and industries.
  2. Bloomberg: Harvest utilizes Bloomberg to monitor market interest rates, track bond trading prices and to examine the pricing and ratings of newly issued bonds. This provides vital information as to the true "market value" of bonds since they do not transact on a centralized exchange and therefore do not have a single, readily available "price quote" similar to what can be found for a stock.
  3. Internal Credit Analysis: In addition to the other research processes, Harvest performs an internal credit analysis on each firm prior to purchasing that entity's corporate bonds. The credit analysis process focuses on interest coverage, the liquidity levels and overall health of the firm's balance sheet.
- c) **Stocks** – Harvest utilizes a number of equity research tools including professional subscriptions and publications that provide objective third-party research on individual stocks and macroeconomic trends. In addition, we maintain research subscriptions with private research firms for timely access to domestic and global business and economic data. As a firm, we seek to balance both bottom up (valuation based) metrics and top down (macro view) considerations when identifying individual stocks for purchase. More frequently than not, we will seek stocks that have excellent dividend payment histories, significant standing within a respective peer group or industry, and high-quality characteristics – purchasing those that we feel are attractively priced and/or have favorable momentum. On a much more limited basis, will explore opportunities across various segments of the market, including small, mid, and large cap companies that may not pay dividend, for client that are willing and able to take a bit more risk in their portfolio.
- d) **Sell decisions** – Harvest incorporates several disciplines both active and passive with respect to the sale of securities held. We will choose to exit any security that we feel has experienced a significant (and non- temporary) deterioration in fundamentals or value relative to

purchase expectations. We may choose to exit a security on a proactive basis when we feel that it is trading at a significant premium to fair value, in order to take profits and redeploy capital into new opportunities. On a passive basis, we can utilize trailing sell-stop orders or trailing limit orders to both manage risk and capture profits. With fixed income securities our purchase objective is a target yield-to-maturity or yield-to-call; if we believe this can be achieved or exceeded by selling the security *prior* to maturity (taking profits for a total return approach) we may choose to do so. Likewise, as mentioned above if we detect a heightened level of risk with an individual security that does not align with the return objective, we may choose to sell the holding prior to maturity or call.

- B. Summary of risks – regardless of the care and effort put into investment research and analysis, there is always a possibility that an investment outcome will be different than what is expected. Investing in securities always involves risk of loss. Additionally, during high levels of volatility or catastrophic market conditions such as those experienced in 2008, it is possible for *all* asset classes to fall at the same time. It is also possible that an individual equity selection (stock, mutual fund, ETF) will perform worse than the broader markets and suffer significant losses creating new historical lows; reminding us all that past performance is no assurance of future results. In the fixed income realm, risks of loss can come from deteriorating credit quality of the issuer, unexpected impairment affecting the issuer, loss of value on a holding due to rising interest rate trends, or overpayment on the purchase price of a bond such that a loss is incurred on sale at maturity. We seek to mitigate these risks by focusing on security valuations, research and analysis, strategic portfolio diversification (across asset classes and securities), and active portfolio management decisions.

All investing involves risk, including the loss of capital. Investors should be willing to bear those risks. Common risks associated with investing include and may not be limited to the following:

1. Interest Rate Risk – the risk that the value of a security may decline to changes in interest rates.
2. Credit Risk – the risk that a bond issuer may not be able to make timely payment of interest payments and/or repayment of principal at maturity. (Also known as “default risk”)
3. Inflation Risk – the risk that the increasing cost of goods and services erode the purchasing power of your capital.
4. Currency Risk – world currencies float against each other. Currency risk is the risk that the fluctuations in currency values could adversely impact investment returns as currency conversion rates occur during the holding period of an investment.
5. Liquidity Risk – is the risk that you may not be able to buy or sell a given security quickly at a price that is a reasonable representation of the investment’s intrinsic value.
6. Management Risk – also known as company risk, refers to the impact that



bad management decisions, internal missteps, or external situations can have on a company's performance and as a consequence, the underlying value or stock price of the company.

7. Trading Risk – the risk that trading practices and portfolio management strategies may generate increased brokerage expenses over time. Such expenses, fees, and taxes can have a negative impact on performance over time.
  8. Geopolitical/Sociopolitical Risk – is the risk that instability and/or unrest in one or more regions of the world will affect investment markets.
- C. Limited security recommendations – Harvest is not limited to any security or investment instrument. Likewise, we receive no commission or incentives for the investments we recommend.

Harvest's asset allocation strategies have been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940. Rule 3a-4 provides similarly managed investment programs, such as Advisor's asset allocation programs, with a non-exclusive safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following disclosure is applicable to Harvest's management of client assets:

1. Initial Interview – at or before the opening of the account(s), the Advisor, through its designated representatives, shall obtain from the client information sufficient to determine the client's financial situation and investment objectives;
2. Individual Treatment - the account is managed based on the client's financial situation and investment objectives;
3. Quarterly Notice – at least quarterly the Advisor shall notify the client to advise the Advisor whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
4. Annual Contact – at least annually, the Advisor shall contact the client to determine whether the client's financial situation or investment objectives have changed, or if the client wants to impose and/or modify any reasonable restrictions on the management of the account;
5. Consultation Available – the Advisor shall be reasonably available to consult with the client relative to the status of the account;
6. Quarterly Report – the client shall be provided with a quarterly report for the account for the preceding period;
7. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of the account, including the ability to instruct the Advisor not to purchase certain mutual funds or stocks;
8. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the account;
9. Separate Account - a separate account is maintained for the client with the Custodian;

10. Ownership – each client retains full ownership of the account (e. g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).

Harvest Investment Consultants, LLC believes that its annual investment management fee is reasonable in relation to: (1) the advisory services provided under the *Investment Advisory Agreement*; and (2) the fees charged by other investment advisers offering similar services/programs. However, HIC's annual investment management fee may be higher than that charged by other investment advisers offering similar services/programs. In addition to Advisor's annual investment management fee, the client will also incur charges imposed directly at the mutual and exchange traded fund level (e.g., management fees and other fund expenses). **Please Note:** Advisor's investment programs may involve above-average portfolio turnover which could negatively impact upon the net after-tax gain experienced by an individual client in a taxable account.

## 9. Disciplinary Information

There are no legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

## 10. Other Financial Industry Activities and Affiliations

HIC will refer clients desiring insurance products to Harvest Insurance, Inc., (Harvest Insurance) a separate corporation and a related person under common ownership with the Advisor. Although the Advisor (HIC) does not receive any direct compensation from any referral made to Harvest Insurance, certain Advisor's members, such as owners and licensed agents transacting business on behalf of Harvest Insurance will benefit economically as a result of such a referral. Clients are under no obligation to purchase any insurance products from Harvest Insurance and are reminded that they may purchase equivalent insurance products through a separate and unaffiliated insurance agency.

Certain employees of the Advisor are licensed as insurance agents or brokers of various insurance companies. Clients may engage these individuals, in their separate capacities as licensed insurance agents to purchase insurance-related products. Clients are under no obligation to engage those individuals when considering implementation of any or all recommendations.

Advisor does not recommend or select other investment Advisors.

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

### A. Code of Ethics Summary

An investment adviser is considered a fiduciary and has a fiduciary duty to all clients. Harvest Investment Consultants, LLC has established a Code of Ethics to comply with the requirements of the securities laws and regulations that reflects its fiduciary obligations and those of its supervised persons. The Code of Ethics also requires compliance with federal securities laws. HIC's Code of Ethics covers all individuals that are classified as "supervised persons". All employees, officers, directors and investment adviser representatives are classified as supervised persons. HIC requires its supervised persons to consistently act in your best interest in all advisory activities. HIC imposes certain requirements on its affiliates and supervised persons to ensure that they meet the firm's fiduciary responsibilities to you. The standard of conduct required is higher than ordinarily required and encountered in commercial business.

This section is intended to provide a summary description of the Code of Ethics of Harvest Investment Consultants, LLC. If you wish to review the Code of Ethics in its entirety, you should send us a written request and upon receipt of your request, we will promptly provide a copy of the Code of Ethics to you.

#### *B. Affiliate and Employee Personal Securities Transactions Disclosure*

Harvest Investment Consultants, LLC or associated persons of the firm may buy or sell for their personal accounts, investment products identical to those recommended to clients. This creates a conflict of interest. It is the express policy of HIC that all persons associated in any manner with our firm must place clients' interests ahead of their own when implementing personal investments. HIC and its access persons will not buy or sell securities for their personal account(s) where their decision is derived, in whole or in part, by information obtained as a result of employment or association with our firm unless the information is also available to the investing public upon reasonable inquiry.

We are now and will continue to be in compliance with applicable state and federal rules and regulations. To prevent conflicts of interest, we have developed written supervisory procedures that include personal investment and trading policies for our representatives, employees and their immediate family members (collectively, access persons):

- Access persons cannot prefer their own interests to that of the client.
- Access persons cannot purchase or sell any security for their personal accounts prior to implementing transactions for client accounts.
- Access persons cannot buy or sell securities for their personal accounts when those decisions are based on information obtained as a result of their employment, unless that information is also available to the investing public upon reasonable inquiry.
- Access persons are prohibited from purchasing or selling securities of companies in which any client is deemed an "insider".
- Access persons are discouraged from conducting frequent personal trading.
- Access persons are generally prohibited from serving as board members of publicly traded companies unless an exception has been granted to the Chief Compliance Officer of HIC.

**Any access or supervised person not observing our policies is subject to sanctions up to and including termination.**

## **12. Brokerage Practices**

- A. Harvest does not maintain custody of your assets that we manage, although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see Item 15—Custody, below). Regulations require that your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank. We provide a choice of Fidelity Investments, Charles Schwab, and TD Ameritrade, all registered broker-dealers, members of SIPC, and qualified custodians. Harvest is independently owned and operated and are not affiliated with any of the custodians listed above. Each custodian will hold your assets in a brokerage account and buy and sell securities when we instruct them to do so on your behalf. While we recommend the above listed custodians, the client will ultimately decide whether to use a custodian and will open the required accounts with Schwab, Fidelity or TD Ameritrade by entering into an account agreement directly with them. We do not open the account for you, although we will assist you in doing so. If you do not wish to place your assets with Schwab, Fidelity or TD Ameritrade, then we cannot manage your account.
- B. In assisting clients in selecting a broker-dealer to execute clients’ trades, Advisor considers the full range and quality of a broker’s services including among other things the value of research provided, best execution capability, transaction costs, financial responsibility, quality of services, reputation and financial strength, breadth of financial products offered, professionalism, reliability and responsiveness to Advisor. It is important to note that the Advisor receives no commissions for the purchase or sale of any retail or institutional products. The determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution for the managed account. Advisor considers the foregoing factors, which will enhance the portfolio management capabilities of Advisor that such factors are of a direct benefit to clients. Advisor as a fiduciary will always endeavor to act in its client’s best interest.

**Soft Dollar Benefits:** An investment adviser receives soft dollar benefits from a broker-dealer (or other third-party service provider) when the investment adviser receives research or other products and services in exchange for client securities transactions or maintaining an account balance with the broker-dealer.

HIC utilizes the services of Fidelity, Charles Schwab and TD Ameritrade. While there is no direct linkage (except in certain circumstances) between the investment advice given to clients and HIC’s participation in the Fidelity,

Charles Schwab and TD Ameritrade programs, economic benefits are received by HIC which would not be received if we did not give investment advice to clients.

These benefits may be used for both research and non-research purposes and allows us to supplement, at no cost, our own research and analysis activities. These benefits include: a dedicated trade desk that services the program participants exclusively, a dedicated service group and an account services manager dedicated to HIC's accounts, access to a real-time order matching system, the ability to "block trade" clients' positions, electronic download of trades, balances and position information, duplicate and batched client statements, confirmations, year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), availability of third-party research and technology, quarterly newsletters and access to mutual funds.

The benefits received through participation in the Fidelity, Charles Schwab and TD Ameritrade program do not depend upon the amount of transactions directed to or amount of assets managed through Charles Schwab and TD Ameritrade.

Research obtained with soft dollars is not necessarily utilized for the specific account that generated the soft dollars. We do not attempt to allocate the relative costs or benefits of research among clients because we believe that, in the aggregate, the research we receive benefits all clients and assists us in fulfilling our overall duty to you.

These arrangements may be deemed to create a conflict of interest to the extent that we would have to pay for some or all the research and/or services with "hard dollars" if we were unable to obtain the research and services in exchange for commissions in connection with client transactions. Client trades are always implemented based on the goals and objectives of the client and not on any research, products or other incentives available.

#### C. Directed Brokerage

We do not permit clients to direct brokerage because the Advisor will not be able to obtain volume discounts and favorable execution of transactions. This practice will cost the client money and in the opinion of the Advisor violates regulations of the Securities Exchange Commission by not obtaining best execution.

#### D. Aggregation of Orders

Investment decisions for each of Advisor's clients will be made by the Advisor independently from the investment recommendations or determinations made on behalf of other clients. Investments deemed appropriate for one client may also

be deemed appropriate for other clients, so that the same security may be purchased or sold at or about the same time for more than one client. In those circumstances, Advisor may determine that orders for the purchase or sale of the same security for one or more of these clients should be combined. If so, the transactions will be allocated as nearly as practicable in proportion to the amounts desired to be purchased or sold for each client. Advisor will not aggregate transactions unless it believes that aggregation is in the best interests of the affected clients, is consistent with its duty to seek best execution for its clients and is consistent with the terms of its investment advisory agreement with each client for whom transactions are being aggregated.

We will always take the opportunity to obtain discounts on execution costs by aggregating orders when possible. The consequences of not following this process usually results in higher trading costs for clients.

### 13. Review of Accounts

- A. Client portfolios are reviewed at an account level prior to any purchases, targeted sales, or block purchase allocations. Every client is initially established within our Customer Relationship Management (CRM) system (hereafter referred to as Redtail), with standard demographic information as well as the Investment Policy Statement (IPS) that provides details including asset allocation targets, and any client-specific information that needs to be considered relative to the management of their investment portfolios. The Redtail database serves as a perpetual repository for all forward client communications and notes.

Advisor reviews client portfolios on both a routine basis and a real time basis, utilizing a combination of tools within our portfolio management system including, Black Diamond Wealth Platform, Morningstar Principia® (hereafter referred to as Principia), and Riskalyze.

On a routine basis, client portfolios will be modeled in Morningstar Principia® or Riskalyze for analysis and review prior to making tactical or strategic component changes. Frequency is based on the size and complexity of the account and the nature of the components used. Also, on a real time basis, client accounts will be reviewed within Black Diamond following block purchases or block sales, as well as any sales triggered by equity stop-loss orders, to identify portfolio rebalancing conditions.

For *all* purchases, a further review is made of client notes and history within Redtail to determine whether there are any *recent changes* or updates based on client/Advisor communications affecting the targeted portfolio purchases and/or the stated current asset allocation guidance, as well as a review of any client *exception items* that would make the target purchase inappropriate. The investment advisor representative and portfolio managers are the professionals who review client accounts.

- B. A review is also triggered when a client informs the Advisor about changes to their financial objectives, needs, and goals.
- C. Clients are provided quarterly written or electronic reports consisting of a market commentary, quarterly invoice, portfolio performance review, and portfolio statement from HIC.
- D. Clients are also provided with access to their own personalized portal through Black Diamond to monitor performance, approximate asset allocation, transactions, and projected interest and dividends.

#### **14. Client Referrals and Other Compensation**

Advisor formerly participated in the Fidelity Wealth Advisor Solutions Program (the “WAS Program”), through which Advisor received referrals from Strategic Advisers, Inc. (“SAI”), a registered investment advisor and subsidiary of FMR LLC, the parent company of Fidelity Investments. Advisor has ceased participating in that referral program effective 12/31/2016. Advisor is independent and was not affiliated with SAI or FMR LLC.

Under the WAS Program, SAI acted as a solicitor for Advisor, and Advisor paid referral fees to SAI for each referral received based on Advisor’s assets under management attributable to each client referred by SAI or members of each client’s household. While the Advisor (Harvest) no longer participates in the WAS program, Harvest is contractually obligated to compensate SAI/Fidelity for a stipulated period of time for those clients who came in as WAS referrals during the period of 01/01/2013 through 12/31/2016. That period of time is individualized based on when the referral became a client. More specifically, Advisor pays the following amounts to SAI for referrals: for a period of 7 years from the date that a client or members of client’s household fund an account or accounts with Advisor, Advisor shall pay SAI an amount equal to the sum of (a) an annual percentage of 0.10% on any fixed income and cash assets in such account, and (b) an annual percentage of 0.25% of all other assets held in such account. These referral fees are paid by Advisor and not the client.

Under an agreement with SAI, Advisor has agreed that Advisor will not charge clients more than the standard range of advisory fees disclosed in its Form ADV 2A Brochure to cover solicitation fees paid to SAI as part of the WAS Program.

#### **15. Custody**

Harvest is not a broker-dealer and does not take possession of client assets. Our clients’ assets are housed at one of three nationally recognized brokerage firms, otherwise known as custodians. The custodians maintain actual custody of your assets. They include Charles Schwab and Company, Fidelity Investments, and TD

Ameritrade. Under government regulations, we are deemed to have custody of your assets if you authorize us to deduct our advisory fees directly from your account. As part of our billing process, you will receive a clear and understandable invoice from Harvest for each calendar quarter that you are billed, and the custodian will also be advised of the amount of the fee to deduct from your account(s).

You will receive account statements (not less than quarterly), trade confirmations, and tax documents directly from the custodian. They will be sent to the email address you provided (if you have elected E-delivery) or postal mailing address. You should carefully review those statements promptly when you receive them. We also urge you to compare the custodian's account statements with the periodic account statements and portfolio reports you will receive directly from Harvest. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

#### **16. Investment Discretion**

When providing asset management services, HIC maintains trading authorization over your account and provides management services on a discretionary basis. In granting HIC discretionary authority, we will have the authority to determine the type of securities, the amount of securities that can be bought or sold, the timing of such transactions, and the broker or dealer to be used without obtaining your consent for each transaction. The discretionary trading authority is limited by the agreed upon investment policy statement. It is the policy of HIC to consult with you prior to making significant changes in the account even when discretionary trading authority is granted.

#### **17. Voting Client Securities**

Harvest does not have nor will we accept authority to vote client securities. We do not advise clients about a particular solicitation. Clients will receive their proxies or other solicitations directly from their custodian or transfer agent. Our proxy voting policies and procedures are part of our investment Advisory agreement. Clients may obtain a copy of our proxy voting policy and procedures upon request.

#### **18. Financial Information**

Registered Investment Advisors are required to provide certain financial information and disclosures about our financial condition. Harvest Investment Consultants, LLC has no financial commitment that impairs the ability to meet contractual and fiduciary obligations and has not been the subject of bankruptcy proceedings.

Harvest Investment Consultants did participate in the Paycheck Protection Program ("PPP") loan program through the U.S. Small Business Administration in conjunction with the relief afforded from the CARES Act during the COVID-19 Pandemic.



The PPP loan program is designed to provide a direct financial incentive for a small business to keep its employees on the payroll. In order to receive a PPP loan, the small business must certify that the current economic uncertainty makes this PPP loan request necessary to support its ongoing operations. For additional details about the PPP loan program, please visit <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program> and <https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>.

Harvest Investment Consultants received a PPP loan in the amount of \$152,945.00 on 4/21/2020. This PPP loan has a 1% fixed interest rate and must be repaid within 2 years (but the initial payments are deferred for the first 6 months). The PPP loan did not require any collateral nor a personal guarantee. The U.S. Small Business Administration has forgiven Harvest Investment Consultants repayment of such PPP loan.