

## Item 1: Cover Page

# Hynes Advisory Inc. DBA HearthStone | Private Wealth Management Client Brochure

*This brochure provides information about the qualifications and business practices of Hynes Advisory Inc. DBA HearthStone | Private Wealth Management. If you have any questions about the contents of this brochure, please contact us at (858) 792-9122 or by email at: [info@hearthstoneinc.com](mailto:info@hearthstoneinc.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 Hynes Advisory Inc. DBA HearthStone | Private Wealth Management is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Hynes Advisory Inc. DBA HearthStone | Private Wealth Management's CRD number is: 154890*

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

Version Date: 03/31/2021



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## Item 2: Material Changes

This Brochure has been revised by Hynes Advisory Inc. DBA HearthStone | Private Wealth Management ("HA") to provide material changes since the last update:

Item 4 – *Advisory Services* – updated to reflect the firm’s total assets under management as of December 31, 2020.

Item 10 – *Fees and Compensation* – updated to include information that Mr. Hynes serves as a board member on various organizations’ boards, but does not receive compensation and spends less than 10% of his time serving. Also included disclosures that certain of our IARs have outside business activities, which are described in detailed in their respective ADV Part 2Bs.

The previous version of this Brochure is dated March 31, 2020. In addition to the above, there were non-material changes made in various items, so HA encourages its clients to read the Brochure in its entirety and contact us with any questions.

Pursuant to SEC requirements, HA will ensure that clients receive a summary of any materials changes to this Brochure within 120 days of the close of HA’s fiscal year, along with a copy of this Brochure or an offer to provide the Brochure. Additionally, as HA experiences material changes in the future, we will send you a summary of our “Material Changes” under separate cover, along with a copy of this Brochure or an offer to provide the Brochure. For more information about the firm, please visit [www.hearthstoneinc.com](http://www.hearthstoneinc.com). Additional information about HA and our investment adviser representatives is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## Item 4: Advisory Business

### A. Description of the Advisory Firm

This firm is registered with the SEC and has been in business since November 9, 2010, and the principal owner is Paul Joseph Hynes.

### B. Types of Advisory Services

Hynes Advisory Inc. DBA HearthStone | Private Wealth Management (hereinafter “HA”) offers the following services to advisory clients:

#### *Investment Supervisory Services*

HA offers ongoing portfolio management services based on the individual goals, objectives, time horizon, and risk tolerance of each client. HA creates an Investment Policy Statement for each new client, which outlines the client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the Investment Policy Statement) to aid in the selection of a portfolio that matches each client’s specific situation. Investment Supervisory Services include, but are not limited to, the following:

- Investment strategy
- Asset allocation
- Risk tolerance
- Personal investment policy
- Asset selection
- Regular portfolio monitoring

HA evaluates the current investments of each client with respect to their risk tolerance levels and time horizon. HA will request discretionary authority from clients in order to select securities and execute transactions without permission from the client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement, which is given to each client.

The client is responsible for informing HA of any changes to his/her investment objectives, individual needs, and/or restrictions, which will affect the Investment Policy Statement. HA does not assume any responsibility for the accuracy of the information provided by the client.

Clients will enter into an Investment Advisory Agreement with HA, which will outline the investment management and supervisory services to be provided, along with the fees charged. Please refer to Item 5 “Fees and Compensation” below for detailed information on the fees charged by HA.

Prior to entering into an Investment Advisory Agreement with HA, a client should carefully consider:

- a) Committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis;
- b) That volatility from investing in the stock market can occur; and
- c) That over time the client's assets can fluctuate and at any time be worth more or less than the amount invested.

Past performance is in no way an indication of future performance. HA cannot offer any guarantees or promises that a client's investment goals and objectives will be met.

### ***Financial Planning***

The financial planning process involves gathering relevant financial information, setting life goals, examining the client's current financial status and coming up with a strategy or plan for how the client can pursue their goals given their current situation and future plans. The client will receive a written summary of the information and goals used to develop their plan as well as a summary of HA's recommendations. Financial plans are based on the client's financial situation at the time the plan is presented and on the financial information disclosed by the client to HA. Clients are advised that certain assumptions are made with respect to interest and inflation rates and the use of past trends and performance of the market and economy. Financial plans and financial planning can include, but are not limited to: investment planning, life insurance; tax concerns; retirement planning; college planning; and debt/credit planning. These services are based on fixed fees or hourly fees and the final fee structure is documented in Exhibit II of the Financial Planning Agreement.

Clients are free at all times to accept or reject any or all recommendations made by HA and further retains the authority and discretion on whether or not to implement the written financial plan. If the client decides to follow the written plan, the client has the option, but is under no obligation, to request that HA implement the recommendations outlined in the written plan. Those clients who wish to engage HA for implementation of the written plan will be required to enter into a separate written agreement with HA for its investment supervisory services. In accordance with the separate agreement, HA will be paid separate and additional fees based on client account assets that are managed by HA.

Past performance is in no way an indication of future performance. HA cannot offer any guarantees or promises that the client's financial goals and objectives will be met.

### ***Services Limited to Specific Types of Investments***

HA mainly utilizes open end mutual funds and exchange traded funds (ETFs) for client investments, however, we have in the past and can in the future provide investment advice to clients regarding specific equity securities, bonds, fixed income and debt securities, hedge funds, third party money managers, real estate investment trusts (REITs), insurance products including annuities, private placements, and/or government securities. Please refer to Item 8 "Methods of Analysis, Investment Strategies, and Risk of Loss," for more detailed information on the types of investments utilized by HA and the risks that surround such investments.

### **C. Client Agreements**

As mentioned above, prior to engaging HA to provide investment management or financial planning services, clients are required to enter into an applicable written agreement with HA, which sets forth the terms and conditions of the engagement, the fees to be paid and the scope of the services to be provided.

A client or HA can terminate the agreement by providing the other party with written notice. Upon termination of our Investment Advisory Agreement, we will cease to actively manage the client's account(s) and will cease assessment of our fees as of that date. HA shall not liquidate the account(s) assets upon termination of services, unless written instructions to do so are provided by the client or authorized agent.

Neither HA nor the client can assign the written agreement without the consent of the other party. Transactions that do not result in a change of actual control or management of HA shall not be considered an assignment.

### **D. Client Tailored Services and Client Imposed Restrictions**

HA offers the same suite of services to all of its clients. However, specific client financial plans and investment management services, 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 can impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs. However, if the restrictions prevent HA from properly managing the client account, or if the restrictions would require HA to deviate from its standard suite of services, HA reserves the right to end the relationship.

### **E. Wrap Fee Programs**

HA does not participate in any wrap fee programs.

### **F. Amounts Under Management**

As of December 31, 2019, the following represents the amount of client assets under management ("AUM") for HA on a discretionary and non-discretionary basis:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>As of Date:</b>
\$ 299,162,439	\$ 33,064	12/31/2020

## Item 5: Fees and Compensation

### A. Fee Schedule

#### *Investment Supervisory Services Fees*

Total Assets Under Management	Annual Fee
Up to \$1,000,000	1.00%
\$1,000,000 to \$2,000,000	0.80%
\$2,000,001 to \$5,000,000	0.70%
\$5,000,001 and up	0.50%

The above reflected fees are negotiable. HA has sole discretion to waive or vary such fees for certain clients and the final fee schedule is attached as Exhibit II of each client's Investment Advisory Contract. HA has clients who pay fees different from the schedule shown above and has some clients with waived fees, for example for employees and family. The fee schedule reflected above is our current schedule only and can change from time to time at the discretion of HA. Upon changes to the fees, HA will amend this Brochure to reflect the then current fee schedule.

Fees are paid quarterly in advance and are prorated. Billing adjustments to this quarterly fee in excess of \$50 are refunded or charged at the end of each quarter. Adjustments are triggered by deposits or withdrawals of capital, and for new client relationships begun during the quarter. Billing calculations are reflected on the quarterly billing statement or invoice and include the value and period for which the adjustment is calculated.

Since the fee schedule above is a tiered schedule based on a client's AUM, it means that the greater a client's AUM is, the lower the client's investment management fee will be. To calculate these breakpoints, HA will household client accounts. HA defines a household as all dependents as communicated by the client, which are associated by blood or by operation of law. Consequently, the annual fee rate is calculated based upon the breakpoint achieved (if any) based on the combined assets of all client accounts within a household and applied to each individual account.

Clients can terminate their contracts with written notice. Upon termination of a written agreement with HA, refunds of any pre-paid unearned fees are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Any earned unpaid fees will be billed upon termination.

Unless otherwise arranged by the client, our investment supervisory services fees are automatically deducted from a client's account by the custodian of the account upon receipt of an invoice from us and as soon as reasonably practicable after the end of each calendar quarter. For accounts opened or closed after the beginning of a new calendar quarter, our fees will be prorated.

At the client's election, HA will send a copy of the invoice to the client, which reflects the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated. It is the client's responsibility, and not the custodian's, to verify the accuracy of the fee calculation. Clients authorize HA to deduct our fees from their account upon execution of the written agreement with HA. All investment supervisory services fees paid to HA from a client's account will be clearly reflected on the client's periodic account statements that are prepared and sent to the client by the custodian. In the event that HA is unable to collect from the custodian any of our fees that are due, we will invoice the client directly for that amount.

### ***Financial Planning Fees***

#### ***Fixed Fees***

Depending upon the complexity of the situation and the needs of the client, the rate for creating client financial plans costs a minimum of \$5,000. A retainer of \$500 is charged at the beginning of the engagement, with the remainder of the fee charged in arrears upon completion. HA will provide the client with an invoice for payment. Because fees are charged in arrears, no refund is necessary. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement.

#### ***Hourly Fees***

Depending upon the complexity of the situation and the needs of the client, we have in some cases and can in the future charge an hourly fee instead of a fixed fee for these services, which range between \$250 and \$350 per hour. The fees are negotiable and the final fee schedule will be attached as Exhibit II of the Financial Planning Agreement. A retainer of an amount equivalent of two hours of work is charged at the beginning of the engagement, with the remainder of the fees charged in arrears upon completion. HA will provide the client with an invoice for payment. Because fees are charged in arrears, no refund is necessary.

## **B. Payment of Fees**

### ***Payment of Investment Supervisory Fees***

As outlined in Item 5.A above, investment supervisory fees are withdrawn directly from the client's accounts by the client's custodian with client written authorization. However, a client can elect to be invoiced and billed directly with payments due within thirty days after the end



of the calendar quarter. Should clients select this method of billing, the client will need to provide written instruction to HA.

### ***Payment of Financial Planning Fees***

Both Fixed and Hourly Financial Planning fees are due and payable upon completion of the financial planning services. HA will provide the client with an invoice for payment. HA requires clients to pay these fees by check. Because fees are charged in arrears, no refund is necessary.

## **C. Clients Are Responsible For Third Party Fees**

All fees paid to HA for the services we provide to clients are separate and distinct from the fees and expenses charged by third parties. These separate fees and expenses include, but are not limited to, custodial fees, execution costs, and mutual fund fees and expenses. Client assets also are subject to, (as applicable), transaction charges, margin interest, wire transfer fees, express check mailing fees, and other account administrative fees.. For mutual funds and exchange traded funds, a client is charged, as applicable internal management fees, distribution fees, redemption fees and other expenses, which are fully described in the applicable fund's prospectus. Notably, HA will not receive any portion of these other fees and expenses. Clients should review the fees charged to their account(s) to fully understand the total amount of all fees charged. Clients should understand that lower fees for comparable services can be available from other investment advisory or financial planning firms.

Please refer to Item 12 "Brokerage Practices" below regarding broker/custodian arrangements.

## **D. Prepayment of Fees**

HA collects fees in advance and in arrears. 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. Refunded fees will be deposited back into client's account.

## **E. Compensation for the Sale of Securities to Clients**

Neither HA 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.

HA's investment adviser representatives ("IARs") receive compensation and discretionary bonuses from HA, which consider, among other things, the amount of AUM growth generated through new assets and clients. Additionally certain IARs receive a percentage of the fee that HA receives from clients for the origination of new clients for the Firm. These activities create conflicts of interest due to the receipt of additional compensation by the IARs. To mitigate these conflicts, HA and the IARs take steps to ensure that any recommendations made to HA clients are suitable for the client and consistent with their fiduciary duty to clients. Additionally, these

conflicts are disclosed by HA to clients through the delivery of this Brochure and the Form ADV Part 2B ("Brochure Supplement") of each IAR.

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

HA does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client. Consequently, HA does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, HA provides its services for a fixed fee, hourly charges and/or based upon a percentage of assets under management. Notably, accounts that are managed in the same style (*e.g.*, moderate growth) are not necessarily managed the same way due to differences in clients' overall investment objective, discretion of the investment professional assigned to the account, asset size and account restrictions.

## **Item 7: Types of Clients**

HA generally offers investment advice and/or management supervisory services to the following Types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations or Business Entities

### ***Minimum Account Size***

There is an account minimum, \$1,000,000, which has in the past and can in the future be waived by HA at its sole discretion, based on the needs of a client and the complexity of their situation.

If a client's account is a pension or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), HA can be a fiduciary to the plan. In providing our investment management services, the sole standard of care imposed upon us is to act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. HA will provide certain required disclosures to the "responsible plan fiduciary" (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we receive by such clients. Generally, these disclosures are contained in this Form ADV Part 2A, the client agreement and/or in separate ERISA disclosure documents, and are designed to enable the ERISA plan's fiduciary to: (1) determine the reasonableness of all compensation received by HA; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

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

### **A. Methods of Analysis and Investment Strategies**

HA's methods of analysis is mainly fundamental analysis, which generally includes but is not limited to the analysis of company financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

HA's main investment principles are as follows:

- a) Capital markets are efficient
- b) It is not possible to accurately predict future outcomes over time
- c) Risk and return are directly related
- d) Diversification is essential
- e) Asset allocation explains most of performance differences between portfolios
- f) Transaction costs, fees and income taxes reduce returns

HA utilizes mainly open-end, no-load mutual funds and ETFs ("Funds") for client investments. These Funds include passive (*i.e.*, index funds) and active (*i.e.*, managed by a portfolio manager) managed funds, which invest in a wide spectrum of securities, including, but not limited to equities (both common and preferred stocks), corporate bonds, government bonds, REITS, derivatives (such as options), and commodities. The Funds are chosen from a preferred buy list created by HA using disciplined screening criteria, including, but not limited to the following:

- a) Desired market segment (e.g., US Small Cap Value)
- b) Diversification within the market segment
- c) Expenses relative to peer groups
- d) Turnover relative to peer groups
- e) Long-term track record of managers (five years or longer)
- f) Third-party research (e.g., Morningstar)

Funds can be removed from the preferred buy list for many reasons, including the following:

- a) Failure to continue to meet any of the above screening criteria
- b) Deemed to no longer be a "best fit" in the portfolio
- c) Material change that can affect the overall risk or future results of the Fund
- d) Any other factors that HA deems to have an adverse effect on the fund's future performance

HA constructs client portfolios based on a carefully defined investment discipline that incorporates strategic asset allocation, risk assessment, and broad diversification. Portfolios are generally constructed using approximately 10 – 24 different Funds and the following basic asset allocation targets:

High growth: 100% Stock Funds  
Income Only: 100% Bond Funds  
Growth: 80% Stock Funds and 20% Bond Funds  
Balanced Growth: 60% Stock Funds and 40% Bond Funds  
Balanced: 50% Stock Funds and 50% Bond Funds  
Balanced Income: 40% Stock Funds and 60% Bond Funds  
Income Oriented: 20% Stock Funds and 80% Bond Funds

HA does not represent, guarantee, or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

## **B. Material Risks Involved**

HA generally uses long term purchases and in some cases, margin transactions.

HA utilizes investment strategies that are designed to capture market rates of both return and risk. Margin transactions generally hold greater risk and clients should be aware that there is a chance of material risk of loss using any of those strategies. Please note that using margin is not suitable for all investors; the use of margin increases leverage in a client's account and therefore increases overall risk.

Some additional risks associated with investments made by HA include, but are not limited, to the following:

- Allocation Risk: the risk that a portfolio could lose money as a result of less than optimal or poor asset allocation decisions as to how its assets are allocated or reallocated.
- Interest-Rate Risk: Fluctuations in interest rates can cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of a stock, bond, mutual fund or other security can drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances.
- Credit Risk: The risk that a portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.
- High Yield Risk: High yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit and liquidity risks.
- Currency Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- Political and Legislative Risk: Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside of the United States or those companies who conduct a substantial amount of their business outside of the United States.

- Reinvestment Risk: This is the risk that future proceeds from investments have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- Business Risk: These risks are associated with a particular industry or a particular company within an industry. Generally, business risk is that a company will go bankrupt or perform below expectations. Every company carries the business risk that it will produce insufficient cash flow in order to maintain operations. Business risk can come from a variety of sources, some systemic and others un-systemic. That is, every company has the business risk that the broader economy will perform poorly and therefore that sales will be poor, and also the risk that the market simply will not like its products.
- ETF Risk: Risks related to an investment in an ETF include the possibility of a loss of principal. ETFs typically trade on a securities exchange and the prices of their shares fluctuate throughout the day based on supply and demand, which do not necessarily correlate to their net asset values. Although ETF shares will be listed on an exchange, there can be no guarantee that an active trading market will develop or continue. Owning an ETF generally reflects the risks of owning the underlying securities it is designed to track. ETFs are also subject to secondary market trading risks. In addition, an ETF has the potential to not replicate exactly the performance of the index it seeks to track for a number of reasons, including transaction costs incurred by the ETF, the temporary unavailability of certain securities in the secondary market, or discrepancies between the ETF and the index with respect to weighting of securities or number of securities held.
- Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations can result in bankruptcy and/or a declining market value.
- Derivatives Risk: This is the risk of investing in derivative instruments, including liquidity, interest rates, market, credit, and management risks, mispricing or improper valuations. Changes in the value of the derivative have the potential to not correlate perfectly with the underlying asset, rate, or index and the investment could lose more than the principal amount invested.
- Foreign Investment Risk: Investments in foreign securities can be riskier than U.S. investments because of factors such as, unstable international, political and economic conditions, currency fluctuations, foreign controls on investment and currency exchange, foreign governmental control of some issuers, potential confiscatory taxation or nationalization of companies by foreign governments, withholding taxes, a lack of adequate company information, less liquid and more volatile exchanges and/or markets, ineffective or detrimental government regulation, varying accounting standards, political or economic factors that can severely limit business activities, and legal systems or market practices that can permit inequitable treatment of minority and/or non-domestic investors. Investments in emerging markets can involve these and other significant risks such as less mature economic structures and less developed and more thinly-traded securities markets.

As mentioned above, some HA clients can elect to open margin accounts. Clients should be aware that there are a number of additional risks that should be considered when deciding to trade securities on margin. The risks associated with margin include, but are not limited to, the following:

- Clients can lose more assets than you deposit in the margin account. A decline in the value of securities that are purchased on margin can require you to provide additional funds to the brokerage firm that has made the loan to avoid the forced sale of those securities or other securities in a client's account.
- The lending brokerage firm has the ability to force the sale of securities in a client's account. If the equity in a client's account falls below the maintenance margin requirements under the law – or the lending brokerage firm's higher "house" requirements – the brokerage firm will be able to sell the securities in a client's account to cover the margin deficiency. A client can also be responsible for any short fall in their account after such a sale.

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

### **C. Risks of Specific Securities Utilized**

Investing in mutual fund shares entails risks, including possible loss of principal. There are special risk considerations associated with value strategy investing, international investing (including emerging markets), and small company investing. No assurances or guarantees are given regarding the performance of any investment. Returns, share price, and yield will fluctuate and redemption value can be more or less than original cost. Investments in mutual funds are not insured or guaranteed by the US government or any other party. Materials relating to the funds should be read in conjunction with a fund prospectus (made available to you by mail, email, or through a website) that describes charges, expenses, and risks. Read it carefully before any investment.

In addition, generally, the market value of stocks will fluctuate with market conditions, and small cap stock prices generally will move up and down more than large cap stock prices. Small-cap stocks are subject to a higher degree of risk than more established (large cap) companies' securities. The illiquidity of the small-cap market can adversely affect the value of client investments.

The market value of bonds will generally fluctuate inversely with interest rates and other market conditions prior to maturity and will equal par value (face value) at maturity. Interest rates for bonds can be fixed at the time of issuance or purchase, and payment of principal and interest can be guaranteed by the issuer and, in the case of U.S. Treasury obligations, backed by the full faith and credit of the U.S. Treasury. The market value of Treasury bonds will generally fluctuate more than Treasury bills, since Treasury bonds have longer maturities. High yield bonds are considered to be predominantly speculative with respect to the payment of interest and repayment of principal. Such securities can also be subject to greater volatility as a result of changes in prevailing interest rates than other debt securities.

Investments in overseas markets (international securities) also pose special risks, including currency fluctuation and political risks, and such investment can be more volatile than that of a U.S. only investment. The risks are generally intensified for investments in emerging 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**

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

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

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

Neither HA nor its representatives are registered as 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 HA nor its representatives are registered as a FCM, CPO, or CTA.

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

HA's investment adviser representatives ("IARs") receive compensation and discretionary bonuses from HA, which consider, among other things, the amount of AUM growth generated through new assets and clients. Additionally certain IARs receive a percentage of the fee that HA receives from clients for the origination of new clients for the Firm. The above described activities create conflicts of interest due to the receipt of additional compensation by the IARs. To mitigate these conflicts, HA and the IARs take steps to ensure that any recommendations made to HA clients are suitable for the client and consistent with their fiduciary duty to clients. Additionally, these conflicts are disclosed by HA to clients through the delivery of this Brochure and the Form ADV Part 2B ("Brochure Supplement") of each IAR.

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

HA does not utilize nor select other advisors or third-party managers. All assets are managed by HA management.

Mr. Paul Hynes founded a nonprofit organization called Senior Safe and Sound, for which he speaks to educate the public about how to help prevent Financial Elder Abuse. Currently, Mr. Hynes spends approximately 5% of his time on this company and does not receive any compensation from the organization. Mr. Hynes also serves as a board member on various organizations' boards. Mr. Hynes is not compensated for his service and spends less than 10% of his time serving in these roles. In addition, certain of our IARs have outside business activities, which are described in detailed in their respective ADV Part 2Bs.



## **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. Clients can request a copy of our Code of Ethics from management by calling the number listed on the cover page of this document.

### **B. Recommendations Involving Material Financial Interests**

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

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of HA buy or sell securities for themselves that they also recommend to clients. HA 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.

Because HA's investment professionals transact in the same securities for their personal accounts as the firm buys or sells for client accounts, it is important to mitigate conflicts of interest that such activity can cause. To that end, we have adopted personal securities transaction policies in the form of a Code of Ethics, which all our employees must follow. This Code of Ethics provides our employees with guidance in their ethical obligations regarding their personal securities transactions and fiduciary duties formulating the basis of all of our client dealings. Employee trading is continually monitored, with an eye to reasonably prevent conflicts of interest between HA and our clients.

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

As mentioned above, from time to time, representatives of HA buy or sell securities for themselves at or around the same time as clients and to address this conflict, HA has adopted a Code of Ethics.



## Item 12: Brokerage Practices

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

#### 1. Selection Criteria

##### The Custodian and Brokers We Use

HA does not maintain custody of clients' assets that we manage. Nevertheless, we are deemed to have custody of client assets because our clients' give us authority to withdraw assets from their account (*see Item 15 Custody, below*). Client assets must be maintained in an account at a "qualified custodian," generally a broker-dealer or bank. HA requires that our clients use Charles Schwab & Co., Inc. ("Schwab"), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. HA is independently owned and operated and not affiliated with Schwab. Schwab will hold our clients' assets in a brokerage account and buy and sell securities when HA instructs them to. While HA requires our clients to use Schwab as custodian/broker, clients will decide whether to do so when they open an account with Schwab by entering into an account agreement directly with them. HA does not open the custodial account for you.

##### How We Select Custodians/Brokers

HA seeks to select and recommend a custodian/broker who will hold clients' assets and execute transactions on terms that are overall most advantageous when compared to other available providers and their services. During the selection process, HA considers a wide range of factors, which include, among others, the following

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- capability to execute, clear and settle trades (buy and sell securities for your account);
- Capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- breadth of investment products made available (stocks, bonds, mutual funds, ETFs, etc.);
- availability of investment research and tools that assist us in making investment decisions;
- quality of services;
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength and stability of the provider;
- the custodian/broker's prior service to us and our other clients; and
- availability of other products and services that benefit us, as discussed below (*see "Products and Services Available to Us from Schwab"*).

##### Custody and Brokerage Costs

Schwab generally does not charge HA client accounts separately for custody services but is compensated by charging each client transaction fees on trades that it executes or that settle into a client's Schwab account. Schwab's transaction fees applicable to HA client accounts were

negotiated based on our commitment to maintain a certain amount of HA client assets in accounts at Schwab. This commitment benefits our clients because the transaction fees that clients pay under this arrangement are lower than they would be if HA had not made the commitment. In addition to transaction fees, Schwab charges a flat dollar amount as a “trade away” fee for each trade that HA executes by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a Schwab account. These trade away fees are in addition to the commissions or other compensation a client pays to the executing broker-dealer. Because of this, in order to minimize trading costs, HA exclusively uses Schwab to execute trades for your account.

## **Products and Services Available to HA from Schwab**

Schwab Advisor Services™ (formerly Schwab Institutional) is Schwab’s business serving independent investment advisory firms like HA. They provide HA and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. Schwab’s support services generally are available on an unsolicited basis (*i.e.*, HA does not have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients’ assets in accounts at Schwab. Below is a detailed description of Schwab’s support services:

*Schwab Services that Benefit Our Clients.* Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit the client and their account.

*Schwab Services that May Not Directly Benefit Our Clients.* Schwab also makes available to HA other products and services that benefit us but do not directly benefit our clients or their accounts. These products and services assist HA in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. HA can use this research to service all, some or a substantial number of our clients’ accounts. In addition to investment research, Schwab also makes available software and other technology that:

- provide access to client account data (such as duplicate trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide pricing and other market data;
- facilitate payment of our fees from our clients’ accounts; and
- assist with back-office functions, recordkeeping, and client reporting.

*Schwab Services that Generally Benefit Only HA.* Schwab also offers other services intended to help HA 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.

Schwab can provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab can also discount or waive its fees for some of these services or pay all or a part of a third party's fees. In addition, Schwab can provide HA with other benefits such as occasional business entertainment of our personnel.

### **HA's Beneficial Interest in Schwab's Services**

The availability of these services from Schwab benefits us because HA does not have to produce or purchase them. HA does not have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. The \$10 million minimum gives HA an incentive to require clients to maintain their accounts with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on clients' interests in receiving the best value in custody services and the most favorable execution of account transactions. This is a potential conflict of interest.

HA believes, however, that our selection of Schwab as custodian/broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above – see *"How We Select Custodians/Brokers"*) and not Schwab's services that benefit only us. We do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

For clients that are receiving financial planning services HA makes recommendations to the client regarding the purchase or sell of securities or other assets that they consider to be in the best interest of the client. The client has full discretion to accept or reject HA's recommendations and is responsible for implementing any accepted recommendations with any broker-dealer of their choice. Or, in the alternative, the client can enter into an investment advisory agreement with HA, giving HA discretion to implement the recommendations and continue to manage the assets on a discretionary basis.

It is important for clients to consider and compare the significant differences between having assets held at a broker/dealer, bank, or other custodian prior to opening an account with HA. Some of these differences include, but are not limited to; total account costs, trading freedom, commission rates, and security and technology services.

## **2. Research and Other Soft-Dollar Benefits**

Section 28(e) of the Exchange Act ("Section 28(e)") allows investment advisers to use client commissions to pay for brokerage and research services under certain circumstances without breaching their fiduciary duties to clients. This practice is commonly referred to as "soft dollars." Brokerage and research services can include, among other things, effecting securities transactions and performing services incidental thereto (such as clearance, settlement and custody) and providing research information regarding the economy, industries, sectors of securities, individual companies, statistical information, taxation; political developments, legal

developments, technical market action, pricing and appraisal services, credit analysis; risk measurement analysis and performance analysis. Such research information can be received in the form of written reports, telephone conversations, personal meetings with security analysts and/or individual company management, and attending conferences. The research services provided by a broker can be proprietary (*i.e.*, provided by the broker providing the execution services) and/or provided by a third party (*i.e.*, originates from a party independent from the broker providing the execution services). Under Section 28(e), advisers can cause clients to pay brokerage commissions that are in excess of commissions that another broker might have charged for effecting the same transaction, so long as such adviser makes a good faith determination that the amount of commissions paid are reasonable in relation to the value of the brokerage and research services received. This must be viewed in terms of either the specific transactions or an adviser's overall responsibility to the accounts for which it exercises investment discretion. Section 28(e) also permits advisers to use the research services provided by brokers to service any or all of the adviser's clients, and the services can also be used in connection with clients other than those making the payment of commissions.

As outlined above, Schwab provides HA with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets are maintained in accounts at Schwab Advisor Services.

Since the products and services received by HA under the Schwab arrangement are currently provided at no cost other than clients paying transaction fees, they could be considered paid for with soft dollars.

Importantly, clients should understand that the use of soft dollars by HA can be deemed to be an indirect economic benefit to HA, which creates a conflict of interest between HA and its clients. To address this conflict of interest, HA performs periodic reviews of the quality of execution and services provided by Schwab (to both the client and HA) to help ensure that clients are receiving the best overall deal (also known as "best execution").

HA does not currently have any other soft dollar arrangements in place.

### ***3. Brokerage for Client Referrals***

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

### ***4. Clients Directing Which Broker/Dealer/Custodian to Use***

The Schwab custodial arrangement is a type of directed brokerage arrangement since Schwab generally requires that client transactions be placed with Schwab for execution. Clients should understand that not all advisers require their clients to use only one custodian or otherwise direct brokerage. HA has selected Schwab to provide its clients with brokerage and custodial services because it believes Schwab can provide best execution. To help ensure that clients are receiving best execution and to address the conflict of interest surrounding this arrangement, HA performs periodic reviews of the quality of execution and services provided by Schwab.

## **B. Aggregating (Block) Trading for Multiple Client Accounts**

From time to time, HA determines that the purchase or sale of a particular security is appropriate for multiple advisory client accounts, based on a variety of reasons. When this happens, HA makes a determination of whether it is in these clients' best interest to attempt to execute the trade orders as one or more block trades (i.e., aggregate the individual trade for each account into one or more trade orders.). These circumstances can give rise to actual or potential conflicts of interest among the accounts for whom the security purchase or sale is appropriate, and among the subset of those accounts actually participating in a block trade, especially if the block trade order results in a partial fill. In order to address these conflicts, HA has adopted certain policies and procedures that it follows when aggregating trades in an effort to provide an objective and equitable method of trade allocation so that all clients are treated fairly. The basic objectives of these policies and procedures are as follows:

- (a) HA will only aggregate trades when it believes that such aggregations are consistent with its duty to seek best execution for its clients;
- (b) HA will strive to ensure that no client account is favored over any other client account; and
- (c) Each account that participates in an aggregated transaction shall participate at the average of the executed share price for that security.

## **Item 13: Reviews of Accounts**

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

For investment supervisory services, client portfolios are reviewed on a regular basis by Paul Joseph Hynes and/or Wendy Wildey. The chief advisors are instructed to review clients' accounts with regards to their investment policies and risk tolerance levels. All accounts at HA are assigned to these reviewers. In addition, HA will generally meet with clients at least annually to review and discuss their portfolio(s).

All financial planning accounts are reviewed upon financial plan creation and plan delivery by Paul Joseph Hynes and/or Wendy Wildey. There is only one level of review and that is the total review conducted to create the financial plan.

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

Reviews can be triggered by material market, economic or political events, unusual economic or industry developments, the complexity of a client's portfolio, or by changes in a client's investment goals and/or financial situation (such as retirement, termination of employment, physical move, or inheritance). Additional reviews are also available at the client's request.

## **C. Content and Frequency of Regular Reports Provided to Clients**

Each client receiving investment supervisory services will receive at least quarterly, a written report detailing the client's account which will come from the custodian. These reports list the account positions, activity in the account over the covered period, and other related information. Clients are also sent confirmations following each brokerage account transaction unless confirmations have been waived. In addition, HA will send quarterly reports to clients receiving investment supervisory services. Clients are urged to compare any reports they receive from HA to those received from the account custodian.

Clients receiving comprehensive financial planning services are provided a one-time financial plan outlining recommendations based on their financial situation. After the presentation of the written plan, HA does not provide any further reports. Clients can request additional plans or reports for a fee.

## **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)**

HA receives an economic benefit from Schwab in the form of the support products and services it makes available to HA and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit HA, and the related conflicts of interest are described above (see Item 12 – Brokerage Practices). The availability of Schwab's products and services to us is not based on our giving particular investment advice, such as buying particular securities for our clients.

While HA and its associated persons endeavor at all times to put the interest of the clients first as part of their fiduciary duty, clients should be aware that receipt of the services and indirect benefits itself creates a potential conflict of interest. To help ensure that clients are receiving best execution and to address the potential conflict surrounding this custodial arrangement, HA performs periodic reviews of the quality of execution and services provided by Schwab to both the clients and HA.

### **B. Compensation to Non –Advisory Personnel for Client Referrals**

HA does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

HA does not take physical custody of client accounts at any time. However, HA is deemed to have constructive custody of client funds because the firm has the authority and ability to debit its fees directly from clients' accounts. To mitigate any potential conflicts of interests due to this

arrangement, all HA client account assets are maintained with Schwab, which is an independent qualified custodian. In addition, payment of HA's fees is made by Schwab only so long as the client has given Schwab written authorization permitting the advisory fees to be deducted and paid directly from the client's account. HA will not have access to client account assets for payment of fees without client consent in writing. Further, Schwab will deliver an account statement directly to the client at least quarterly, which will include all transactions that took place in the account during the period covered and reflect any advisory fees deducted and paid to HA. Clients are encouraged to review their account statements for accuracy and compare them to any reports received by HA.

Pursuant to Rule 206(4)-2 of the Advisers Act, HA is deemed to have "constructive custody" of client funds because the Firm has the authority and ability to debit its fees directly from the accounts of those clients receiving HA's Investment Advisory Services.

Additionally, certain clients have, and can in the future, sign a Standing Letter of Authorization (SLOA) that gives HA the authority to transfer funds to a third-party as directed by the client in the SLOA. This is also deemed to give the Firm custody. Custody is defined as any legal or actual ability by the Firm to withdraw client funds or securities. Firms with deemed custody must take the following steps:

1. Ensure clients' managed assets are maintained by a qualified custodian;
2. Have a reasonable belief, after due inquiry, that the qualified custodian will deliver an account statement directly to the client at least quarterly;
3. Confirm that account statements from the custodian contain all transactions that took place in the client's account during the period covered and reflect the deduction of advisory fees; and
4. Obtain a surprise audit by an independent accountant on the clients' accounts for which the advisory firm is deemed to have custody.

However, the rules governing the direct debit of client fees and SLOAs exempts HA from the surprise audit rules if certain conditions (in addition to steps 1 through 3 above) are met. Those conditions are as follows:

1. When debiting fees from client accounts, HA must receive written authorization from clients permitting advisory fees to be deducted from the client's account.
2. In the case of SLOAs, HA must: (i) confirm that the name and address of the third party is included in the SLOA, (ii) document that the third-party receiving the transfer is not related to the Firm, and (ii) ensure that certain requirements are being performed by the qualified custodian.

If client funds or securities are inadvertently received by our firm, they will be returned to the sender immediately, or as soon as practical.

Notably, in most cases a Client's broker-dealer also acts as the custodian of the Client's assets for little or no extra cost. Clients should be aware, however, of the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, Client reporting, and technology.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian showing all disbursements, including HA's advisory fees, deducted from the account. Clients are urged to carefully review all custodial statements for accuracy. It is the Client's responsibility (and not the custodian's) to ensure the Fee and its calculation in relation to the Client's account is correct. In the event that Clients also receive account statements from HA, it is strongly encouraged that Clients compare these account statements to any account reports provided by the qualified custodian. HA reports will vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Item 12 for additional important disclosure information relating to HA's practices and relationships with custodians.

### **Item 16: Investment Discretion**

For those client accounts where HA provides ongoing investment supervisory services, HA maintains limited power of authority over client accounts with respect to securities to be bought and sold and amount of securities to be bought and sold. All buying and selling of securities is explained to clients in detail before an advisory relationship has commenced.

HA's investment authority can be subject to specified investment objectives, guidelines, and/or conditions imposed by the client. For example, a client can specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio, or require restrictions and/or prohibitions of transactions in the securities of a specific industry.

### **Item 17: Voting Client Securities (Proxy Voting)**

HA's policy and practice is to not vote proxies on behalf of its clients and therefore, shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents. Consequently, the client retains the responsibility for receiving and voting all proxies for securities held within the client's account. HA shall not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

HA typically does not advise or act for clients with respect to any legal matters, including bankruptcies and class actions, for the securities held in clients' accounts.



## **Item 18: Financial Information**

### **A. Balance Sheet**

HA does not require nor solicit prepayment of more than \$1,200 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 HA 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**

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