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This brochure provides information about the qualifications and business practices of Harrison & Company Wealth Management, LLC. If you have any questions about the contents of this brochure, please contact us at: (540) 204-9310 or by email at: [info@hcowealth.com](mailto:info@hcowealth.com). Information presented 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 Harrison & Company Wealth Management, LLC also is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).



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## Material Changes

Since the last publication of this document in March 10, 2020, the **Advisory Business** section of this document has been updated to include passive investment options (also known as indexing strategies). HCO now actively promotes both index and actively management investment programs depending on each client's unique needs, investment experience, and risk tolerance.

The **Methods of Analysis, Investment Strategies, and Risk of Loss** section has been updated to include information about the selection and use of Index Exchange Trade Funds which are used for those clients preferring an indexing approach to investment management.

The **Advisory Business** section has been updated to include managing partner, Ian A. Hamre.



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## **Advisory Business**

Harrison & Company Wealth Management, LLC (hereinafter referred to as "HCO Private Wealth") is a full-service Wealth Management firm that began operations on May 22, 2009 and is not affiliated with any bank, brokerage firm, insurance company or mutual fund company. The firm is owned by founding partner and Chief Compliance Officer, Bruce H. Harrison, and managing partner, Ian A. Hamre.

The firm conducts operations under the name "HCO Private Wealth".

Services provided to clients include portfolio management, advising on tax strategies, personal financial planning, asset protection planning, trust & estate planning, and consulting on 401(k) and Cash Balance plans.

The Wealth Management process typically involves meetings and discussions with clients to establish goals and appraise assets. Thereafter, we prepare financial analyses, develop recommendations, present these recommendations to clients during subsequent meetings/discussions with clients, and finally implement the agreed-upon plans. We meet regularly with clients to review progress against goals and objectives as well as to measure portfolio performance.

With regard to the investment portion of a client's assets, HCO Private Wealth offers clients a number of both index and proprietary quantitative investment strategies. Clients have the ability to select any combination of strategies that are then combined to create a client's portfolio. Clients also may request that HCO Private Wealth recommend combinations of strategies based on the results of the client's Wealth Management Plan or on a client's risk tolerance, growth objectives, investment experience, and income need.

All of HCO's strategies include the option to use our Market Danger Indicator overlay which is signaling system designed to tell HCO when to sell out of the market to possibly avoid a large market crash. Like all mechanical systems built on prior market history, there is no guarantee that such a system will work and enable clients to avoid every market crash.

Clients may impose restrictions on the purchase and/or sale of securities. Typically, clients use such restrictions with assets with low tax basis that they wish sold over an extended period of time to minimize capital gain taxes, or investments they owned prior to becoming clients of HCO Private Wealth. Examples include community bank stocks, concentrated stock positions, stocks with sentimental value and so forth.

Clients may also impose restrictions on investing in certain securities or types of securities, although such restrictions may have the effect of limiting the client's access to certain investment strategies that contain the restricted security.



As of December 31, 2020, HCO Private Wealth managed \$ 142,860,742.00 in assets on a discretionary basis and no assets on a non-discretionary basis.

## **Fees & Compensation**

HCO Private Wealth believes in complete fee disclosure and transparency in our compensation practices. The firm does not charge or accept any commissions or inducements of any kind from mutual fund companies, brokerage firms, private placement dealers, bond dealers or other similar financial intermediaries for investment services provided to clients.

Clients are charged a fee for portfolio management services that is calculated as a percentage of assets under management. Fees are charged quarterly, in advance, based on the value of each account under management as of the last day of the prior billing period. For example, an account on quarterly billing is billed for April-June services based on the March 31 balance.

Fees for new accounts are pro-rated on a daily basis based upon the time during the billing period when HCO Private Wealth begins investment responsibility for the account(s) and billed in arrears.

Subject to limited exceptions, advisory fees are deducted directly from each client's account. The main exception to this process is for accounts established as self-directed investment accounts within a 401(k) and/or profit sharing plan. Clients with these accounts may elect to have quarterly invoices sent to the 401(k) or profit sharing plan administrator for payment. In this situation, the plan administrator issues payment to HCO Private Wealth and makes arrangements with the client regarding reimbursement of the fees; clients do not see a debit to their self-directed investment account.

Clients may terminate their advisory agreement contract with HCO Private Wealth at any time with written notice, signed by the account holder. Such notice may be delivered by mail, fax, or as an attachment to an e-mail. In the event that a client terminates his or her contract, the client shall be entitled to a refund for any whole-month pre-paid fees. For example, a client with a quarterly billed account that terminates his contract in mid-February would be entitled to a refund of fees for the month of March.

The firm offers a tiered fee schedule that begins at 1.25% for the first million dollars managed and scales down as the client consolidates assets with the firm. The minimum annual fee is \$5,000. Fees are negotiable in special situations, such as when a client is part of a larger group of accounts (e.g., immediate family members or participants in a single 401k plan) that meet the minimum annual fee requirements.

In addition to fees paid to HCO Private Wealth for investment advisory services, clients also will pay additional charges to the asset custodian for custodial services and trade execution. Fees



will vary depending on the asset custodian. Please refer to the Brokerage Practices section of this brochure for more details.

HCO Private Wealth prefers to use individual securities in client accounts whenever possible. However, the firm also occasionally may purchase mutual funds, exchange traded funds ("ETFs"), exchange traded notes ("ETNs"), or other similar investment vehicles in client accounts based on the client's need for liquidity, asset diversification, or access to hard-to-reach asset classes (e.g., corn). Clients with mutual funds, ETFs and ETNs in their accounts will incur additional charges that are charged directly by the mutual fund/ETF/ETN company; these fees are disclosed in the investment's prospectus.

HCO Private Wealth also charges project and hourly fees for expert testimony, financial analyses, pension consulting, and similar special engagements. Partners' fees are \$300/hour, non-partner advisors' fees are \$200/hour and support staff's rates are \$100/hour.

## **Performance-Based Fees and Side-by-Side Management**

HCO Private Wealth does not offer performance-based fees, flat fees or hourly fees for portfolio management services.

## **Types of Clients**

HCO Private Wealth typically works with individual clients, trust accounts, and retirement plans. In order to preserve the high level of attention and service provided to each client, HCO Private Wealth must necessarily limit its number of clients. Accordingly, clients generally are required to establish household relationships with investable assets of at least \$500,000 or pay a minimum fee of \$5,000 per year. Multiple accounts within a household may be combined to meet this minimum. The partners of HCO Private Wealth are allowed to waive this minimum under limited circumstances.

Due to the sophisticated nature of the strategies offered by HCO Private Wealth, the firm requires that clients meet the legal definition of an Accredited Investor as defined by the U.S. Securities & Exchange Commission under Regulation "D". Under present standards, an Accredited Investor is defined as an individual with an income of over \$200,000 or a joint couple with an income over \$300,000 or a net worth of over \$1 million either individually or jointly with spouse. An investor's primary residence cannot be included for purposes of determining net worth and meeting the net worth requirement.

## **Methods of Analysis, Investment Strategies, and Risk of Loss**

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





HCO Private Wealth uses a goal-oriented approach to portfolio management. Each client's asset allocation mixture is determined either as a result of a detailed financial planning process that determines the rate of return necessary to fund a client's goals or through a discussion with a firm partner concerning the client's goals, risk tolerance, investment experience, and financial condition. A client's mix of stocks, bonds, cash, real estate, and other alternative investments will depend on the client's need for income and growth as well as the client's willingness to tolerate fluctuations in the value of the account (often referred to as risk). Individual stocks form the backbone of most portfolios.

Once we determine a client's ideal asset allocation mix, that mix serves as a guideline for the *long-term* management of the account. The firm may deviate from this established mix based on economic or market conditions such as perceived opportunities and/or concerns about market risk.

HCO Private Wealth runs a "Long-Flat" investment system whereby our model stock and index portfolios may range from 0% to 100% invested based on proprietary quantitative factors that determine our level of investment. During an environment where the market appears unattractive, HCO may suspend all new investments or may liquidate some, or all, equity positions and hold the proceeds in cash or short-term bonds. The Long-Flat approach is designed to possibly protect client portfolios from losses due to a crash or deep correction in the stock market.

Stocks are selected, monitored, and retained using a quantitative factor based model that utilizes daily data inputs from independent third party sources to screen and rank issues based on their attractiveness relative to other stocks in the monitored universe of roughly 2,200 securities.

Stocks typically are allocated within economic sectors with a cap of 25% per sector to limit risk in the event of a major decline in one sector.

Stocks in and of themselves represent ownership interests in publicly traded companies and as such expose the client to both the benefits and risks of ownership. Risks include business strategy risk, competition, consumer preferences, management risk, environmental risk, regulatory risk, legal risk and financial risk. Furthermore, stock values do not always track company values because stocks are traded in the public marketplace and as such are subject to the laws of supply and demand, which at times, can cause the value of a stock to fluctuate significantly.

Index Exchange Traded Funds ("ETFs") are chosen for those clients that prefer a passive approach to investment management for some or all of their portfolio. Index ETFs are chosen on the basis of liquidity and cost. HCO uses style based index funds for small accounts and sector based index funds for larger accounts or where the ability to tax-loss harvest a particular sector index might prove attractive.



Bonds are chosen for clients primarily as a source of income and to dampen portfolio volatility. Bonds are chosen for clients based on HCO Private Wealth's view on the future direction of interest rates, credit conditions around the world, and the attractiveness of differing types of bond instruments. Bonds are subject to risks including reinvestment risk, interest rate risk, default risk, and liquidity risk. For the most part, HCO Private Wealth pursues a total return strategy in the selection, monitoring, and retention of bonds and does so through the use of Exchange Traded Funds, mutual funds, and individual bonds.

In addition to corporate, government, agency, mortgage-backed, inflation-protected, and municipal bonds, HCO Private Wealth also offers a bond investment strategy we call "Strategic Bonds" which may offer higher rates of return or income. Examples of Strategic Bond holdings include foreign bonds, bond derivative products, high yield bonds, convertible bonds, and foreign bonds. Purchasing non-traditional types of bond instruments exposes clients to additional risks such as default risk, corruption risk, counterparty risk, currency risk, interest rate risk, and political risk.

For Real Estate Investment Trust ("REIT") portfolios, the firm uses a quantitative analysis to select securities that offer a favorable combination of income and growth potential. Third party reports from independent analysts are used to validate or confirm selections, but the primary selection tool utilized is quantitative analysis.

Alternative strategies are implemented through outside money managers that have a unique expertise in a given strategy such as long/short, merger arbitrage, hedged equity, trend following, global macro and so forth. In adopting these strategies, the firm seeks to reduce the overall risk of a client portfolio rather than pursue more aggressive "return enhancement" strategies. Alternative strategies are typically implemented using mutual funds or hedge funds that may carry additional costs beyond the fees charged by HCO Private Wealth. The strategies used by the firm typically offer a risk profile that is somewhere between stocks and bonds, though each strategy is different and should be evaluated both independently and within the overall context of the portfolio itself. Clients are encouraged to ask questions and understand the unique risks, costs, and role of every strategy offered or implemented within their overall portfolio.

Cash Reserve portfolios are primarily invested in highly liquid securities that may include certificates of deposit, money market funds, short term treasury ETFs, short term bond ETFs, floating rate bond ETFs, and similar instruments with short time period maturities or relatively high asset stability. Capital preservation is the primary goal of the Cash Reserve strategy; of course, since the portfolio consists of short-term investments rather than cash, there is always some risk to principal.

## **Disciplinary Information**

HCO Private Wealth, its principals and its managers have not been subject to:

- Any criminal or civil action in a domestic, foreign, or military court of competent jurisdiction.
- Any administrative proceeding before the United States Securities and Exchange Commission (SEC), any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.
- Any self-regulatory organization (SRO) proceeding.

## **Other Financial Industry Activities and Affiliations**

HCO Private Wealth and its employees have no relationships or arrangements with other financial service companies that pose material conflicts of interest. Neither the firm nor its employees are registered as securities broker-dealers or as representatives of a securities broker-dealer. HCO Private Wealth and its employees have no arrangements of any kind with a broker-dealer, investment company, other investment advisor, financial planning firm, pension consultant, commodity pool operator, commodity trading advisor, futures commission merchant, banking or thrift institution, law firm, accounting firm, insurance company or agency, real estate broker or dealer, or a sponsor or syndicator of limited partnerships, that are material to its investment advisory business or its clients.

On rare occasion, a client will ask for HCO Private Wealth to recommend or select an additional investment advisor to handle a portion of the client's assets. In such situations, the firm accommodates the client's wishes but receives no direct or indirect compensation for such recommendations or selections and therefore no potential conflicts of interest are created.

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

HCO Private Wealth requires that all employees adhere to a strict code of ethics. The firm has adopted a code of ethics pursuant to SEC rule 204A-1 that, among other things prohibits the following:

- Employees must maintain their personal investment accounts with HCO Private Wealth.
- Employees are prohibited from trading on any material nonpublic information – also known as insider trading.
- Employees are prohibited from engaging in "short-swing" trading and market timing.
- Employee's trades must always occur either concurrent with or after client transactions, or in such a way that favors the client over the employee.



- Purchases of securities other than on the firm's approved list must be pre-approved by the Chief Compliance Officer.
- Initial Public Offerings must be offered to clients prior to employees

A copy of the firm's Code of Ethics is available upon request to any client or prospective client.

In the interest of fairness, HCO Private Wealth neither recommends to clients nor buys or sells for client accounts any securities in which the firm, its employees or related persons have a material financial interest.

Employees are expected to invest their money utilizing the same strategies and portfolios offered to clients. To ensure fairness, employees' trading orders are batched with clients' trading orders and submitted to our executing broker as a large "block" trade. This practice ensures that all clients and employees receive the same average price for the security and that no client or employee is favored over another.

## **Brokerage Practices**

HCO Private Wealth considers a number of factors in the selection of broker-dealers for client transactions, including the quality of trade execution, trading platform efficiency, execution speed and ease of doing business. Compensation and trade execution quality are measured through an annual quality of execution audit that is provided by the custodian.

HCO Private Wealth receives no research or soft-dollar benefits from any broker-dealers. The firm is provided with the standard software needed to transmit orders to the broker-dealer and to service client accounts.

HCO Private Wealth receives no referrals from any broker-dealer or related third party.

HCO Private Wealth requires that clients direct the firm to execute transactions through a specified broker-dealer – usually Pershing LLC. This practice ensures that all client accounts can be traded with speed and efficiency and that all client orders can be batched into large trades that may obtain better execution than smaller trades, while also ensuring that all clients obtain the same price on a trade. By always sending the trades to one broker-dealer, it is theoretically possible that clients may end up paying more for trades than if each trade was shopped at the time of execution with multiple broker-dealers. HCO Private Wealth believes this potential risk is mitigated through periodic evaluations of trade execution quality and price versus other options.

## **Review of Accounts**

Client accounts are reviewed with each client no less than annually. This review includes a review and discussion of the economy, stock market, performance of the portfolio against appropriate



benchmarks, and investment strategies for the upcoming twelve months. Clients also are offered a separate annual Wealth Management review to assess their progress against financial goals and objectives. A trained Private Wealth Advisor or a firm partner conducts these reviews.

Clients are provided written quarterly performance reports that provide a comprehensive review of the performance of each account and each security owned by the client. These performance reports are in addition to the monthly or quarterly custodian statements, which also present information regarding investment gains and/or losses. Reports may be delivered in paper format by mail, or posted to an online password-secured portal for clients to access.

HCO Private Wealth utilizes a number of model-based investment portfolios that are regularly monitored as part of the firm's investment process. In the event of a change to a portfolio, the change is implemented automatically across all client accounts invested in one of these models. This practice ensures that the assets in client portfolios receive regular and constant attention since firm partners actively monitor the various investments offered through these model portfolios.

Sometimes clients may ask HCO Private Wealth to provide ongoing oversight and advice on securities previously purchased and restricted from sale due to low tax-basis or personal considerations. These securities typically are not part of HCO Private Wealth's normal investment selection, monitoring, and review process. To monitor these "exception" securities, HCO Private Wealth will conduct reviews using third party analyses no less often than semi-annually and provide recommendations as to these securities.

## **Client Referrals and Other Compensation**

HCO Private Wealth accepts no compensation from non-clients in exchange for providing investment advice to clients. All investment compensation is derived solely from fees charged to clients. The firm also does not pay anyone for client referrals. Clients can be assured that all referrals to HCO Private Wealth by existing clients or other individuals are genuine in nature.

## **Custody**

HCO Private Wealth does not take custody of client assets. Clients account assets are held at one of the firm's qualified custodians such as Pershing LLC (a subsidiary of BNY Mellon), Jefferson National, or MG Trust Company. Clients are encouraged to review their custodian-issued account statements and compare them to the quarterly performance reports issued by HCO Private Wealth.

## **Investment Discretion**

HCO Private Wealth believes the investment strategies it follows will, over time, produce the best investment results for clients. For this reason, the firm strongly encourages clients to allow it to



exercise discretion over client accounts for the limited purpose of executing trades within client accounts. Limitations on this discretionary authority are permitted in limited circumstances (e.g., “don’t sell Grandmother’s bank stock”). Investment discretion is granted to HCO Private Wealth via the client’s execution of the firm’s Investment Advisory Agreement.

### **Voting Client Securities**

HCO Private Wealth will not vote a client’s proxies in regards to securities. Clients will receive directly from the custodian or transfer agent all proxy notices for each security they own. Given the high volume of proxies received and the extensive due diligence required to evaluate each proxy, HCO Private Wealth will not advise clients as to how to vote their proxies.

### **Financial Information**

HCO Private Wealth does not have any financial impairment or condition that might preclude the firm from meeting its obligations or contractual commitments to clients. Furthermore, neither the firm nor its principals have ever been the subject of a bankruptcy petition.

All client assets are held separately from and are not commingled with the corporate assets of HCO Private Wealth. To ensure the safety of client assets, all client funds are kept at third party custodians. For accounts for which the firm has investment discretion, that discretion is limited to the purchase and sale of securities within the account and does not allow the firm to withdraw funds from client accounts.