

## Item 1 – Cover Page

### ADV Part 2A



March 18, 2022

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This Brochure provides information about the qualifications and business practices of Haber Investment Counsel, LLC. If you have any questions about the contents of this Brochure, please contact us at [Cort.haber@haberinvestment.com](mailto:Cort.haber@haberinvestment.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.

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

Additional information about Haber Investment Counsel, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Since the last Annual Update Brochure filed by Haber Investment Counsel, LLC (“Haber,” “HIC” or “the Firm”) on March 30, 2021, there have been no material changes.

Pursuant to SEC Rules, Haber will ensure you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of its business’ fiscal year. Haber will further provide you with a new Brochure, as necessary, based on changes or new information, at any time, without charge.

Additional information about Haber is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 4 – Advisory Business**

Haber Investment Counsel, LLC (“Haber”, “HIC” or “the Firm”) was organized in December of 2016. Prior to October 2019, the Firm provided investment services through a separate and unaffiliated registered investment adviser. In October of 2019, Haber became registered with the Securities and Exchange Commission (“SEC”) to provide investment services to high net worth individuals and family offices. The firm is owned by Cort Haber.

Haber provides investment advice, financial planning, and investment management to ultra-high-net-worth individuals, individuals, and charitable organizations in the form of separately managed accounts (“SMAs”). The services HIC shall provide include financial planning, initial advice and ongoing monitoring, asset allocation, general investment consulting and active management of securities portfolios for that account, and selection of other advisers.

Prior to Haber rendering advisory services, clients are required to enter into one or more written agreements with the Firm setting forth the relevant terms and conditions of the advisory relationship (the “Advisory Agreement”).

### **Investment Management Services**

Haber offers clients a broad range of financial planning and consulting services, which may include any or all of the following functions: Business Planning, Cash Flow Forecasting, Trust and Estate Planning, Financial Reporting, Investment Consulting, Insurance Planning, Retirement Planning, Risk Management, Charitable Giving, Distribution Planning, Tax Planning, and Manager Due Diligence and Selection.

Clients retain absolute discretion over all decisions regarding implementation and are under no obligation to act upon any of the recommendations made by HIC under a financial planning or consulting engagement. Clients are advised that it remains their responsibility to promptly notify HIC of any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising the Firm’s recommendations and/or services.

### **Wealth Management Services**

Haber provides clients with wealth management services which include a broad range of comprehensive financial planning and consulting services as well as discretionary management of investment portfolios. HIC primarily allocates client assets among various mutual funds, exchange-traded funds (“ETFs”), and independent investment managers (“Independent Managers”) in accordance with their stated investment objectives. HIC may also recommend that certain eligible clients invest in alternative investment vehicles including, but not limited to, privately placed securities, which may include debt, equity and/or interests in pooled investment vehicles (e.g., hedge funds). When appropriate and fully disclosed, HIC may recommend investment products which require longer-term commitments from its clients. HIC shall provide continuous monitoring of such investments to include annual due diligence, performance tracking, amendment processing, and capital call assistance.

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Where appropriate, HIC may also provide advice about legacy positions or other investment held in client portfolios. Clients may engage HIC to manage and/or advise on certain investment products that are not maintained at their primary custodian. In these situations, HIC directs or recommends the allocation of client assets among the various investment options available with the product. These assets are generally maintained at the underwriting insurance company or the custodian designated by the product's provider.

HIC tailors its advisory services to meet the needs of its individual clients and seeks to ensure, on a continuous basis, that client portfolios are managed in a manner consistent with those needs and objectives. The Firm consults with clients on an initial and ongoing basis to assess their specific investment objectives. Clients are advised to promptly notify the Firm if there are changes in their financial situation or if they wish to place any limitations on the management of their portfolios.

Clients may impose reasonable restrictions or mandates on the management of their accounts if HIC determines, in its sole discretion, the conditions would not materially impact the performance of a management strategy or prove overly burdensome to the Firm's management efforts.

### **Use of Independent Managers**

Haber may select certain Independent Managers to actively manage a portion of its clients' assets. The specific terms and conditions under which a client engages an Independent Manager may be set forth in a separate written agreement with the designated Independent Managers engaged to manage their assets.

Haber evaluates a variety of information about Independent Managers, which may include the Independent Managers' public disclosure documents, materials supplied by the Independent managers themselves and other third-party analyses it believes are reputable. To the extent possible, the Firm seeks to assess the Independent Managers' investment strategies, past performance, and risk results in relation to its clients' individual portfolio allocations and risk exposure. The Firm also takes into consideration each Independent Manager's management style, returns, reputation, financial strength, reporting, pricing, and research capabilities, among other factors. HIC continues to provide services relative to the discretionary selection of the Independent Managers. On an ongoing basis, the Firm monitors the performance of those accounts being managed by Independent Managers.

The Firm seeks to ensure the Independent Managers' strategies and target allocations remain aligned with its clients' investment objectives and overall best interests.

As of December 31, 2021, Haber has the following assets under management:

Discretionary Assets Under Management: \$267,001,599  
Non-Discretionary Assets Under Management: \$7,236,694  
Total Assets Under Management: \$274,238,293

## Item 5 – Fees and Compensation

HIC offers services on a fee basis based upon assets under management or advisement.

### **Investment Management Fees**

Fees paid to HIC are exclusive of all custodial and transaction costs paid to the client's custodian, brokers, or other third-party consultants. Fees paid to HIC are separate and distinct from the fees and expenses charged by mutual funds, ETFs (exchange traded funds) or other investment pools to their shareholders (generally including a management fee and fund expenses, as described in each fund's prospectus, or offering materials). The client should review all fees charged by funds, brokers, HIC and others to fully understand the total amount of fees paid by the client for investment and financial-related services. See Item 12 Brokerage Practices for additional information related to brokerage costs.

The annual fee schedule, based on a percentage of assets under management, is as follows. The percentage charged does not apply to the entire balance, but to each balance within a particular rate bracket.

\$0 - \$2,500,000	1.00%
\$2,500,001 - \$5,000,000	0.75%
\$5,000,001 - \$15,000,000	0.55%
\$15,000,001 +	0.45%

HIC may, at its discretion, make exceptions to the foregoing or negotiate special fee arrangements where HIC deems it appropriate under the circumstances. Portfolio management fees are generally payable quarterly, in arrears based on the average of the market values on the last day of each month during the prior quarter. If management begins after the start of a quarter, fees will be prorated accordingly. Fees are normally debited directly from client account(s) unless other arrangements are made.

Either HIC or the client may terminate their Investment Management Agreement at any time, subject to any written notice requirements in the agreement. If the advisory agreement is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding portion of the fee is charged to the client, as appropriate.

For asset management services HIC provides with respect to certain client holdings (e.g., held away assets, accommodation accounts, alternative investments, etc.), HIC reserves the right to negotiate fees based on the particular circumstances.

### **Account Additions and Withdrawals**

Clients may make additions to and withdrawals from their account at any time, subject to available liquidity. Additions may be in cash or securities provided HIC reserves the right to liquidate transferred securities or declines to accept particular securities into a client's account. Clients may withdraw account assets on notice to HIC, subject to customary securities settlement procedures as well as any liquidity restraints in the event a portion of the portfolio is invested in less liquid products.

HIC generally designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives. HIC may consult with its clients about the options and implications of transferring securities. Clients are advised that when transferred securities are liquidated, they may be subject to transaction fees, short-term redemption fees, fees assessed at the mutual fund level (e.g., contingent deferred sales charges) and/or tax ramifications.

## **Direct Fee Debit**

Fees are deducted from managed client accounts at qualified custodians. HIC facilitates the billing process. Fees are deducted first from any money market funds or cash balances. If such assets are insufficient to satisfy payment of fees, a portion of account assets are liquidated to cover the fee. The terms of HIC's investment management agreement provides client consent for the direct debiting of our fees from managed accounts. Custodians provide account statements at least quarterly directly to clients. Account statements show all disbursements from client accounts. Clients are encouraged to review account statements for accuracy. HIC receives electronic access or duplicate copies of statements. In instances where direct debit is not obtained, HIC will invoice our fees.

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

Haber does not manage accounts that pay performance-based compensation and therefore there is no issue with side-by-side management.

## **Item 7 – Types of Clients**

HIC offers investment advice primarily to high net worth individuals, individuals and charitable organizations. HIC does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship. Certain recommended Independent Managers may impose more restrictive account requirements independent from HIC.

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

Haber Investment Counsel begins their analysis by understanding the unique objectives of each client, including but not limited to, liquidity needs, risk tolerance, time horizon, return expectations, and taxation factors. HIC believes the most meaningful drivers of returns over time are based on asset allocation versus focusing on specific security selection and market timing. HIC's philosophy is to invest in asset classes that are most attractively priced based on each classes' expected future cash flows (i.e., domestic stocks, international developed market stocks, emerging market stocks, municipal bonds, corporate bonds, high yield, etc.). Each asset class is classified into categories by capitalization (i.e., large, mid, small etc.), style (i.e., value

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and growth), and credit quality (i.e., investment grade and below investment grade). In evaluating the various asset classes, the firm develops and maintains 10 year forward looking capital market assumptions. HIC also takes into consideration historical returns and volatility when determining allocations. In addition to using various statistical metrics to evaluate valuation, the firm factors in macro-economic and geopolitical environments and their potential affects. Haber believes in striving to minimize volatility given the level of risk a client is willing to take in an effort to increase a portfolio's compound growth rate over time. In order to dampen volatility, HIC incorporates the use of various alternative assets that historically have had less correlation to traditional stocks, bonds, and cash.

Once a portfolio is constructed, exposure to securities is gained through a blend of passive investment vehicles and active third-party managers either through mutual funds or separately managed accounts. HIC believes in certain elements of the efficient market hypothesis and therefore uses passive investments at lower cost to achieve returns consistent with markets they believe to be efficient. For markets where HIC believes alpha or outperformance can be gained, the firm will select unaffiliated third-party managers that each focus on various sub-segments of the stock market (i.e., small cap growth companies).

During the initial due diligence stage of selecting a sub-advisor or independent manager, various quantitative metrics are evaluated to better understand a manager's track record, risk tolerance, and style consistency. A manager's return history is reviewed to determine how the strategy performed relative to its benchmark and peer group from a total return perspective across various market environments. The firm also analyzes several risk-based performance metrics that measure how that manager performed relative to the volatility (or risk) incurred and how well the strategy protected principal in historical market drawdowns. Correlations between the strategy and existing portfolio positions are also considered to ensure that overall portfolio volatility is reduced by the manager's inclusion. Other quantitative data points that are assessed include a manager's cost, portfolio diversification, strategy size, and historical style consistency. HIC also focuses on the management team and investment philosophy behind the strategy. Interviews are conducted with each potential manager to evaluate the processes involved in terms of security selection, portfolio construction, and risk management. Ideally, each manager will have a long-term track record with the strategy in question through at least one full market cycle. The firm also assesses the support system available to the management team which may include dedicated analysts, traders, and risk management personnel. Risk management teams and systems are reviewed to help avoid unintentional risk taking and help maintain proper diversification parameters.

### **Investment Strategies**

Investment strategies employed are varied and are highly dependent upon the specific needs and investment objectives of each client. HIC will utilize traditional investment products such as bonds, ETFs and mutual funds, and alternative investments such as structured products, fund of funds, limited partnerships, private equity, and private placements that present the opportunity to hedge client portfolios in down markets as well as make critical use of non-correlated asset classes.



## **Risk of Loss**

All investment portfolios are subject to risks. Accordingly, there can be no assurance that client investment portfolios will be able to fully meet their investment objectives and goals, or that investments will not lose money. Below is a description of several of the principal risks that client investment portfolios face.

*Management Risks.* While Haber manages client investment portfolios based on Haber's experience, research and proprietary methods, the value of client investment portfolios may change daily based on the performance of the underlying funds and other securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that Haber allocates assets to asset classes that are adversely affected by unanticipated market movements, and the risk that Haber's specific investment choices could underperform their relevant indexes.

*Risks of Investments in Mutual Funds, ETFs, and Other Investment Pools.* As described above, Haber includes mutual funds, ETFs, and other investment pools ("pooled investment funds") in client portfolios. Investments in pooled investment funds are generally less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restriction applicable to registered investment companies under the Investment Company Act of 1940. ETFs trade like a stock, and there will be brokerage commissions associated with buying and selling exchange traded funds. ETFs may trade for less than their net asset value. Investors should consider an ETF's investment objective, risks, charges, and expenses carefully. The prospectus and SAI, which contains this and other important information, should be read carefully before investing.

*Options Risk.* Options transactions as an investment strategy, depending on the type, may involve a higher level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment occurs by either selling or purchasing a security depending upon the nature of the option contract. Generally, the purchase or the recommendation to purchase an option contract by Haber shall be with the intent of offsetting/"hedging" a potential market risk in a client's portfolio. Please Note: Although the intent of the options-related transactions implemented by Haber is to hedge against principal risk, certain of the options-related strategies may, in and of themselves, produce principal volatility and/or risk. Thus, a client must be willing to accept these enhanced volatility and principal risks associated with such strategies.

*Equity Market Risks.* Haber will generally invest portions of client assets directly into equity investments and, depending on the client, may utilize pooled investment funds that invest in the stock market. While pooled investments have diversified portfolios that reduces risks of holding an individual security, funds that invest in stocks and other equity securities are nevertheless subject to the risks of the stock market. These risks include, without limitation, the risks that stock values will decline due to daily

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fluctuations in the markets, and that stock values will decline over longer periods (e.g., bear markets) due to general market declines in the stock prices for all companies, regardless of any individual security's prospects.

*Fixed Income Risks.* Haber, when appropriate, will invest portions of client assets directly into fixed income instruments, such as bonds and notes, or pooled investment funds that invest in bonds and notes. While investing in fixed income instruments, either directly or through pooled investment funds, is generally less volatile than investing in stock (equity) markets, fixed income investments nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

*Use of Independent Managers.* HIC will for certain client portfolios select Independent Managers to manage a portion of its clients' assets. In these situations, HIC continues to conduct ongoing due diligence of such managers, but such recommendations rely to a great extent on the Independent Managers' ability to successfully implement their investment strategies. HIC conducts routine periodic due diligence of Independent Manager strategies.

*Use of Private Collective Investment Vehicles.* HIC recommends, for qualified clients, investments in privately placed collective investment vehicles (e.g., hedge funds, private equity funds, etc.). The managers of these vehicles have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments traded and no requirement to diversify. Hedge funds trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. Clients should consult each fund's private placement memorandum and/or other documents explaining such risks prior to investing.

*Master Limited Partnerships ("MLPs").* MLPs are collective investment vehicles, the partnership interests of which are publicly traded on national securities exchanges. MLPs invest primarily in companies within the energy sector that engage in qualifying lines of business, such as natural resource production and mineral refinement. MLPs are therefore subject to the underlying volatility of the energy industry and can be adversely affected by changes to supply and demand, regional instability, currency spreads, inflation, and interest rate fluctuations, among other such factors. In addition, MLPs operate as pass-through tax entities, meaning investors are liable for their pro rata share of the partnership taxes, regardless of the types of accounts where the interests are held.

*Real Estate Investment Trusts (REITs).* HIC, when real estate exposure is appropriate, may recommend investments in, or allocate assets among, various real estate investment trusts ("REITs"), the shares of which exist in the form of either publicly traded or privately placed securities. REITs are collective investment vehicles with portfolios comprised primarily of real estate and mortgage related holdings. Many REITs hold heavy concentrations of investments tied to commercial and/or residential developments, which inherently subject REIT investors to the risks associated with a

downturn in the real estate market. Mortgage related holdings have additional concerns pertaining to interest rates, inflation, liquidity, and counterparty risk.

*Exchange-Traded Notes (ETNs).* HIC will for certain clients recommend investments in, or allocate assets among, various exchange-traded notes (“ETNs”). ETNs are unsecured debt securities which are listed on securities exchanges and transacted at negotiated prices in the secondary market. ETNs are designed to track the performance of a corresponding benchmark. An ETN is essentially a contract between an issuer and the ETN holder, whereby the issuer, upon maturity, agrees to pay an amount relative to the returns of the underlying benchmark. In addition to the risks associated with the specific benchmark, ETN holders are also subject to various counterparty concerns. In this respect, the value of an ETN is adversely impacted by a downgrade to the issuer’s credit rating and/or an unwillingness or inability of the issuer to perform its contractual obligations.

*Liquidity.* HIC, where appropriate, may recommend investments intended for longer-term investment, such as private real estate opportunities. These types of investments are less liquid, meaning funds are not readily available for withdrawal by the client. The risk of illiquidity shall be measured against the potential return of the product and the position size as well as the client’s investment specific return and investment objectives to ensure the risk is appropriate.

*Use of Margin.* While the use of margin borrowing can substantially improve returns, it also increases overall portfolio risk. Margin transactions are generally affected using capital borrowed from a Financial Institution, which is secured by a client’s holdings. Under certain circumstances, a lending Financial Institution may demand an increase in the underlying collateral. If the client is unable to provide the additional collateral, the Financial Institution can liquidate account assets to satisfy the client’s outstanding obligations, which could have extremely adverse consequences. Fluctuations in the amount of a client’s borrowings and the corresponding interest rates can have a significant effect on the profitability and stability of a portfolio.

*Structured Products.* HIC, for certain qualified clients, may recommend investments in, or allocate assets among, various structured products. Structured products are unsecured obligations of an issuer with a return, generally paid at maturity, which is linked to the performance of an underlying asset. In addition to the risks that apply to all investments in securities, investing in structured products involves different types of risk and possibly greater levels of risk. These risks include, but are not limited to the following:

- a. Issuer credit risk. A structured product is an unsecured obligation of the applicable issuer. Any payment on a structured product, including any repayment of principal, is subject to the creditworthiness of the issuer. If the issuer becomes bankrupt or is unable to pay its obligations as they come due, investors will lose some or all of an investment.
- b. Risk of loss. Many structured products subject you to the downside market risk of the underlying asset. Depending on the product, investors may lose some or all of the investment if the underlying asset’s value declines. If HIC sells a structured product before it matures, clients may lose some or all of the investment, regardless of any market risk reduction feature the product offers.

- c. Potential returns can be limited. Investors may not participate in the growth potential of the underlying asset beyond a certain limit or at all.
- d. Performance before maturity. In addition to the performance of the underlying asset, structured product fees and market factors, such as fluctuations in interest rates, that influence the price of bonds and options generally will also affect the value of a structured product before it matures. Therefore, the value of a structured product before it matures can be more or less than its initial price and provide a substantially different payment than expected at maturity. A structured product must be held to maturity to receive the stated payout from the issuer, including any repayment of principal.
- e. No guarantee of liquidity. Structured products are generally not listed on any exchange. A secondary trading market for a structured product may not develop. Typically, any available liquidity is provided by the issuer as a service to investors, but the issuer is not obligated to provide a secondary market. As a result, HIC may not be able to sell the structured product before it matures. If HIC can sell a structured product in the secondary market, it may be at a significant discount. Investors should be prepared to hold structured products to maturity.
- f. Potential conflicts. The issuer of a structured product and its affiliates may play a variety of roles in connection with the structured product, including acting as calculation agent and hedging the issuer's obligations under the structured product. In performing these duties, the economic interests of the calculation.
- g. Agent and other affiliates of the issuer may be averse to investor interests in the structured product.
- h. Taxation. The tax treatment of a structured product is different than traditional investments or of the underlying assets. This can bring uncertainty to significant aspects of the structured product's tax treatment.

*Foreign Securities Risks.* Haber, for certain clients, may recommend pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices, or requirements comparable to those found in the U.S. Foreign investments are subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Foreign investments involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

The value of a client portfolio will fluctuate with the value of the underlying securities.

### **Item 9 – Disciplinary Information**

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

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

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Investment advisers are required to disclose relationships or arrangements with: a broker-dealer, municipal securities dealer, or government securities dealer or broker; investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund); other investment adviser or financial planner; futures commission merchant, commodity pool operator, or commodity trading advisor; banking or thrift institution; accountant or accounting firm; lawyer or law firm; insurance company or agency; pension consultant; real estate broker or dealer; or sponsor or syndicator of limited partnerships. Neither HIC nor its management persons have information applicable to this Item.

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

Haber has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its investors. The Code of Ethics includes provisions relating to the confidentiality of investor information, a prohibition on insider trading, and personal securities trading procedures, among other things. All supervised persons at HIC must acknowledge the terms of the Code of Ethics annually, or as amended.

Haber may recommend to clients, directly or indirectly, securities where a related person has a position of interest. In the event this situation arises, HIC’s employees and persons associated with HIC are required to follow the Code of Ethics. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of the employees of HIC will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination these would materially not interfere with the best interest of HIC’s clients. The Code requires pre-clearance of private transactions. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between HIC and its clients.

Because Haber manages more than one account, there may be conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts it manages. For example, HIC selects investments for each client based solely on investment considerations for that client. Different clients may have differing investment strategies and expected levels of trading. HIC may buy or sell a security for one type of client but not for another or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. HIC attempts to resolve all such conflicts in a manner that is generally fair to all clients involved.

Haber’s clients or prospective clients may request a copy of the firm’s Code of Ethics by contacting Cort Haber at [Cort.haber@haberinvestment.com](mailto:Cort.haber@haberinvestment.com).



## Item 12 – Brokerage Practices

Haber will be authorized to buy and sell securities, to place portfolio transactions with securities brokers-dealers, and to negotiate the terms of such transactions, including brokerage commissions on brokerage transactions.

The primary responsibility regarding portfolio transactions is to seek the best combination of price and execution. When executing transactions, Haber considers all factors it deems relevant, including breadth in the market in the security, the price of the security, the financial condition and execution capability of the broker or dealer and reasonableness of the commission. Transactions in the over-the-counter market are executed with primary market makers acting as principal except where it is believed better prices or execution may be obtained elsewhere. In selecting brokers or dealers to execute particular transactions and in evaluating the best net price and execution available, Haber considers brokerage and research services and other information provided.

HIC generally recommends clients utilize the custody, brokerage and clearing services of Schwab Advisor Services TM, Charles Schwab & Co, Inc. or Charles Schwab & Co., Inc. Advisor Services (the “Custodian” or “Schwab”) for investment management accounts. Factors HIC considers in recommending Schwab or any other custodians to clients include their respective financial strength, reputation, execution, pricing, research, and service. Schwab enables HIC to obtain mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Schwab may be higher or lower than those charged by other Financial Institutions.

HIC periodically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

### **Software and Support Provided by Financial Institutions**

Haber receives computer software and related systems support without cost from Schwab which allows HIC to better monitor client accounts maintained at Schwab. HIC receives the software and related support without cost because the Firm renders investment management services to clients that maintain assets at Schwab. The software and support are not provided in connection with securities transactions of clients (i.e., not “soft dollars”). The software and related systems support benefit the Firm, but not its clients directly. In fulfilling its duties to its clients, the Firm endeavors to put the interests of its clients first. Clients should be aware that HIC’s receipt of economic benefits from a broker/dealer creates a conflict of interest since these benefits may influence HIC’s choice of broker/dealer over another that does not furnish similar software, systems support or services.

Specifically, the Firm receives the following benefits from Schwab:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services its institutional traders; and
- Access to an electronic communication network for client order entry and account information.

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## **Brokerage for Client Referrals**

HIC does not receive client referrals for brokerage.

## **Directed Brokerage**

HIC does not routinely recommend, request, or require that clients direct executions through a specified broker-dealer. We will, however, make every effort to accommodate a request to direct brokerage to a client's chosen broker-dealer.

Clients may establish an account at another broker via a Prime Broker or similar-type account. This prime broker arrangement allows HIC to place trades with other broker-dealers without the need to have individual accounts with other broker-dealers. Clients will negotiate the terms and arrangements with their broker-dealer of choice and all assets will be kept in an account with their preferred broker-dealer. Trades will be routed to other broker-dealers and positions transferred into or out of the prime brokerage, or similar account on a DVP/RVP basis. Execution partners include Schwab and other broker-dealers with which HIC enters into an executing agreement. HIC selects other broker-dealers for execution based on the quality of research, services, products offered, execution, and commission structures. The lowest-cost broker-dealer is not always utilized. HIC has not entered into any formal soft-dollar arrangements nor does HIC receive any referrals from broker-dealers available through prime brokerage services.

## **Trade Aggregation and Allocation**

Haber generally trades each account separately and does not participate in block trading or trade aggregation that requires allocation procedures.

## **Item 13 – Review of Accounts**

All portfolios are monitored by the Managing Director/Chief Investment Officer on a regular basis for performance, outlook and suitability based on client's objectives. Account reviews with clients may be quarterly, annually, or ad hoc, as requested by the client. Clients receive a written review of current investment holdings, realized and unrealized gains and losses, investment income and investment performance on at least a quarterly basis from their custodian. It is the client's responsibility to notify HIC of any changes in financial situation or circumstances that would materially impact the services or recommendations HIC provides.

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

Haber currently does not compensate any person or entity for referrals received. In addition, Haber does not receive compensation for any referrals made to clients for other professional service providers.

### **Item 15 – Custody**

The custodian of each client account sends account statements at least quarterly to the investor. Under government regulations, Haber is deemed to have custody of client assets if, for example, clients authorize HIC to deduct any advisory fees directly from a client's account. The custodian maintains actual custody of client assets. Client will receive account statements directly from their custodian at least quarterly. Clients should carefully review those statements promptly and notify the custodian or HIC if any discrepancies are noticed.

### **Item 16 – Investment Discretion**

Haber has discretionary authority to manage investment accounts on behalf of clients pursuant to a being granted a limited power of attorney in each investment management agreement, HIC has discretion to select the identity and amount of securities to be bought or sold. In all cases, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client.

### **Item 17 – Voting Investor Securities**

As a policy and in accordance with HIC's client agreement, HIC does not vote proxies related to securities held in client accounts. The custodian of the account will normally provide proxy materials directly to the client. Clients may choose to have proxy materials forwarded to HIC. This is only as a convenience to Clients, Clients cannot "opt out" of receiving proxy materials from their custodian. HIC will not vote proxies forwarded by clients to HIC. Clients may contact HIC with questions relating to proxies and the Client's desire to vote them.

### **Item 18 – Financial Information**

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