



## **Form ADV Part 2A: Disclosure Brochure**

**March 30, 2023**

### **Harvest Investment Services, LLC**

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This Brochure provides information about the qualifications and business practices of Harvest Investment Services, LLC. If you have any questions about the contents of this Brochure, please contact us at (630) 613-9230. 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 Harvest Investment Services, LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching IARD/CRD # 159390.

Harvest Investment Services, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2 Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since the filing of our last annual updating amendment, dated March 31, 2022 we have the following material changes to report.

- Item 4, Advisory Business
  - We may recommend HIS Kingdom Resources Trust (the "Fund") from Harvesting Kingdom Resources, LLC, which is the Sponsor and investment manager of the Fund. Harvesting Kingdom Resources, LLC is an affiliate of Harvest Investments and is under common control and management. We do not earn commissions on the sale of the Fund nor do we use our discretionary investment management to purchase it for clients.
- Item 10, Other Financial Industry Activities and Affiliations
  - Harvest Financial Planning no longer serves as an active insurance agency so disclosures relating to it have been deleted.
- Item 14 Client Referrals and Other Compensation
  - We no longer have a solicitor relationship with Mutual Service Corp. and the previous disclosures were removed.

Please refer to the referenced sections (items) in the Brochure for more information. If you have any questions about these changes, please contact our main office at (630) 613-9230 and ask for the Chief Compliance Officer.

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## Item 4 Advisory Business

### Description of Services and Fees

Harvest Investment Services, LLC ("Harvest Investments") is a registered investment adviser established in 2011. We are organized as a limited liability company under the laws of the State of Illinois. Harvest Financial Planning, LLC is our principal owner and Timothy J. Newell is the majority owner of Harvest Financial Planning, LLC. Currently, we offer the following investment advisory services, which are personalized to each individual client:

- Portfolio Management Services
- Financial Planning and Consulting Services
- Selection of Other Advisers
- Pension Consulting Services
- Sub-Advisory Management Services

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this Brochure, the words "we", "our" and "us" refer to Harvest Investment Services, LLC and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

### Portfolio Management Services

We offer discretionary portfolio management services and in limited circumstances, we may agree to manage your account(s) on a non-discretionary basis. Our investment advice is tailored to meet our clients' needs and investment objectives. If you retain our firm for portfolio management services, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information at the beginning of our advisory relationship. We will use the information we gather to develop an investment strategy that enables our firm to give you continuous and focused investment advice and/or to make investments on your behalf in accordance with your risk profile and investing objectives. As part of these services we may create a custom portfolio for you or we may invest your assets in one or more investment model strategies. These investment models may be proprietary or they may be managed by a third-party manager. In either case, we will monitor your portfolio's performance on an ongoing basis, and will rebalance the portfolio as required by changes in market conditions and in your financial circumstances. Where appropriate we may also assist you with establishing an account for purposes of holding certain securities.

If you participate in our discretionary portfolio management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to effect purchases, sales, exchanges, re-balance, reallocation, and other transactions with respect to the managed assets in your account(s) without receiving your consent each time. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm and/or through trading authorization forms. In limited circumstances, *and only in our sole discretion*, we may accept certain instructions from you that limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

We also serve as investment manager for collective investment trusts ("CITs") used by our affiliate, Envoy Advisory Inc. The CITs are used to manage pension benefits for Envoy's pension and retirement plan clients.

### **Financial Planning and Consulting Services**

We offer financial planning and consulting services as a stand-alone service that generally consists of broad-based planning, project-based planning, and/or general consulting. We also offer ongoing financial planning that may include ongoing consulting regarding your financial plan, quarterly and/or annual reviews, and updates to your financial plan. These services typically involve a variety of advisory services regarding the management of the client's financial resources based upon an analysis of their individual needs. If you retain our firm for these services, we will meet with you to gather information about your financial circumstances and objectives. As required, we will conduct follow-up interviews for the purpose of reviewing and/or collecting additional financial data. Once such information has been reviewed and analyzed, we will provide you with our financial planning and/or consulting recommendations, which may be presented in a written plan, designed to help you achieve your stated financial goals and objectives.

Our financial planning and/or consulting services may include, but are not limited to:

- Income Analysis/Cash Flow/Budget Analysis
- Investment Analysis/Asset Allocation/Investment Planning
- Education Funding Analysis/Planning
- Retirement Needs Analysis/Planning
- Retirement Plan Review
- Debt Management
- Life Insurance Review/Analysis
- Long-Term Care Review/Analysis
- Disability Insurance Review/Analysis
- Estate Analysis/Estate Planning Service
- Charitable Giving
- Employee Benefit Analysis
- Portfolio Monitoring
- Business Planning

Financial recommendations are based on your financial situation at the time we provide our recommendations, and on the financial information you provide to our firm. You have the right to accept or reject our financial recommendations, and you may choose our firm, or any other firm, to assist you with implementing our recommendations. You may enter into arrangements with our firm that are separate and in addition to our financial planning and/or consulting services in order to implement advice provided, which is generally subject to additional compensation.

As part of our firm's advisory services, we also offer clients access to third-party financial software that typically allows you and us: the ability to aggregate account information; have access to financial reporting; provide you with access to a secure client portal; and utilize a secure cloud-based document storage platform.

### **Selection of Other Advisers**

As part of our investment advisory services, we may recommend that you use the services of a third-party money manager ("TPMM") to manage all or a portion of your investment portfolio. After gathering information about your financial situation and objectives, we will decide whether to recommend that you engage a TPMM or utilize another investment program. Factors that we take into consideration when making our recommendations include, but are not limited to: the TPMM's performance, methods

of analysis, fees, your financial needs, investment goals, risk tolerance, and investment objectives. We generally will periodically monitor the TPMM's performance to ensure its management and investment style remains aligned with your investment goals and objectives.

The TPMM will actively manage client portfolios and assume discretionary investment authority over client accounts. We will generally assume discretionary authority to hire and fire the TPMM and/or reallocate your assets to another TPMM where we deem such action appropriate and in your best interest.

### **Pension Consulting Services**

We offer various levels of advisory and consulting services to employee benefit plans and to the participants of such plans ("Participants"). The services are designed to assist plan sponsors ("Plan Sponsors") in meeting their management and fiduciary obligations to the Participants under the Employee Retirement Income Securities Act ("ERISA"). In all cases, Plan Sponsors must make the ultimate decision to retain our firm for pension consulting and other advisory services. The Plan Sponsor is free to seek independent advice about the appropriateness of any recommended services for the plan.

When working with Plan level engagements where we act as the Investment Manager to the Plan, we shall have discretionary investment authority to direct the core investments to be offered to plan participants in a manner that is consistent with the criteria set forth in the Plan's investment policy statement ("IPS") that has been approved by the Plan Sponsor, or other plan fiduciary. Such authority will include ability to select, monitor, remove and replace all investment alternatives that constitute the core investment menu. In cases where we provide instructions directly to the Plan's recordkeeper or third-party administrator with regard to the removal, or replacement, of investments, we will provide the Plan Sponsor with a report containing the basis for those decisions.

In rendering Investment Management Services or any other ERISA Discretionary Fiduciary Service, we will act as an ERISA fiduciary and will serve as an investment manager as defined in Section 3(38) of ERISA, and also as a fiduciary under the Investment Advisers Act. We shall retain final decision-making authority with regard to all ERISA Discretionary Fiduciary Services, and the Plan fiduciaries remain responsible for demonstrating that our firm was prudently selected and monitored.

We may also provide additional types of pension consulting services to plans on an individually negotiated basis. All services, whether discussed above or customized for the plan based upon requirements from the plan fiduciaries (which may include additional plan-level or participant-level services) shall be detailed in a written agreement and be consistent with the parameters set forth in the plan documents.

Aside from our services where we act as the Investment Manager, we offer our *401k ActiveWatch* service directly to plan participants (i.e., the client or participant) where we recommend investment allocations based on the participant's investment profile, financial goals, and risk tolerance in an effort to achieve the participant's target allocation. We will not cause any transactions in conjunction with the advice and/or recommendations given, and clients will be responsible for implementing our investment recommendations. Where you provide your account statements to us, we may agree to monitor your account on a quarterly basis in efforts to ensure that the account remains aligned with your stated financial objectives. Under no circumstances do we maintain your account log-in credentials on file.

### **Sub-Advisory Management Services**

We also provide sub-advisory portfolio management services to affiliated and non-affiliated investment advisers (the "Primary Investment Adviser") and their clients. In this role, we manage assets on a discretionary basis using specific portfolio strategies developed by our firm. Discretionary

authorization will allow us to determine the specific securities, and the amount of securities, to be purchased or sold within our investment strategies. We are hired by the Primary Investment Adviser and manage their clients' assets in accordance with stated guidelines and objectives which are communicated to us by the Primary Investment Adviser. We have no direct contact with the PIA's clients. The Primary Investment Adviser has a contract with us and has the authority to terminate our services.

### **Wrap Fee Programs**

We are a portfolio manager to and sponsor of a Wrap Fee Portfolio Management Program, which is a type of investment management program that provides advisory services and brokerage execution. If you participate in our Wrap Fee Program, you will pay our firm a single fee, which includes our money management fees and transaction costs. The overall cost you will incur if you participate in our Wrap Fee Program may be higher or lower than you might incur by separately purchasing the types of securities available in the program.

To compare the cost of the Wrap Fee Program with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies and the brokerage commissions charged by other broker-dealers, and the advisory fees charged by investment advisers. For more information concerning the Wrap Fee Program, please see the *Form ADV Part 2A Appendix 1* (Wrap Fee Program Disclosure Brochure).

### **Affiliation with Private Fund**

Our firm is affiliated through common ownership and management with Harvesting Kingdom Resources, LLC, which is the Sponsor and investment manager of the HIS Kingdom Resources Trust (the "Fund"), an affiliate of our firm. Harvest Investments does not manage any funds for Harvesting Kingdom Resources, LLC.

Investments in the Fund are offered only to accredited investors as set forth in Regulation D under the Securities Act of 1933, and Harvest Investments does offer the Fund to certain investors. Investments in the Fund are offered by private offering memorandum which provides investors with full disclosure regarding the objectives of the Fund and the risks involved with the offering. Investors that purchase interests in the Fund will be admitted to the Fund as Interest Owners. The minimum initial capital contribution required to become an Interest Owner of the Fund is \$200,000 subject to the Fund's sole discretion to accept a capital commitment in any amount.

The detailed terms, strategies and risks applicable to the Funds are described in the Fund's organizational and offering documents. Details of the guidelines, parameters and restrictions on investments relating to the Fund investors may be found in the Fund's offering documents which includes a private placement memorandum (or other information documents, as applicable).

Investment in the Fund is available for investment only by investors who meet the eligibility requirements as set forth in the Fund's offering documents. The Fund is exempt from registration as an investment company under the U.S. Investment Company Act, as amended (the "Investment Company Act"), under Section 3(c)(1). Harvest Investments does not purchase the Fund for its investors through the use of discretion and earns no compensation beyond the advisory fee it earns as stated in your client agreement. Harvest Investments only sells class 2 of the Fund, which charges 1% in internal fees and is not shared with Harvest Investments.



## Types of Investments

We primarily offer advice on equity securities (stocks), exchange-traded funds (ETFs) and mutual funds. Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

## Assets Under Management

As of December 31, 2022, we provide continuous management services for \$254,263,047 in client assets on a discretionary basis.

## Item 5 Fees and Compensation

### Portfolio Management Fee Arrangement

Our fee for portfolio management services is typically based on a percentage of your assets we manage, and is based on the following tiered fee schedule:

Assets Under Management	<u>Maximum Annual Fee as % of Portfolio Assets**</u>
\$0 - \$49,999	2.60%
\$50,000 – \$99,999	2.55%
\$100,000 – \$249,999	2.30%
\$250,000 – \$499,999	2.05%
\$500,000 – \$749,999	1.80%
\$750,000 - \$999,999	1.60%
\$1,000,000 – \$1,499,999	1.30%
\$1,500,000 - \$1,999,999	1.05%
\$2,000,000 and over	negotiable

\*Accounts with holdings less than \$50,000 may be assessed a \$25 quarterly Reporting Fee in addition to the percentage based Advisory Fee indicated above.

\*\*This is a non-blended tiered fee schedule. For instance, if the value of your portfolio assets is \$1,500,000, the maximum annual fee is 1.05% of your portfolio assets.

While our portfolio management fees are generally based on the tiered fee schedule noted above, we may negotiate management fees that are based on a flat percentage of assets under management. In these instances, our maximum annual fee will not exceed the percentages and corresponding fee break points disclosed in the tiered fee schedule above.

All portfolio management fees will be billed directly to the account, *monthly in advance*, starting with the first full month. There will be no prorating or refunding for partial periods. In instances where your account is held directly with a mutual fund, our fee may be billed based on the period determined by the mutual fund company. Our advisory fees are negotiable depending on individual client circumstances. In our sole discretion, we may also negotiate other fee-paying arrangements, such as quarterly fees.



We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. The qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. Generally, we will receive a duplicate copy of your account statements or we will have access to your account statements through your custodian's platform.

All asset-based fees are billed in advance. For the avoidance of doubt, there are no fees payable to us for the first billing period of our engagement. However, in the event the advisory agreement is terminated as of any date other than the last day of the billing period, there is no rebate of prepaid fees for that billing period.

Clients may terminate their services at any time. Portfolio management services will continue through the current billing month in which the termination occurred with no refund of advisory fees. Upon terminating the agreement, we reserve the right to charge an administrative fee to process the transfer or closing of your account(s). Client aggregate account values greater than \$250,000 will be charged \$200 while client aggregate accounts less than \$250,000 will be charged \$100.

### **Other Management Fees**

We earn a portion of the fees charged by the Primary Investment Adviser to their clients for accounts where we serve as the sub-advisor. This fee is 45 basis points (0.45%). We also earn a portion of the fees charged to retirement plans that purchase the collective investment trusts where we serve as the investment manager. This fee totals 45 basis points or 0.45%.

### **Financial Planning and Consulting Services**

We provide financial planning and consulting services on an hourly basis, and in some cases we may negotiate a fixed fee or percentage of portfolio/plan asset fee. Our hourly fee ranges up to \$500 and our fixed fees may range up to \$10,000, and in certain instances may exceed this limit where the services requested require more time and are complex in nature. These fees are generally due upon completion of services rendered, but we reserve the right to negotiate other fee paying arrangements, such as 50% in advance with the remaining portion due upon completion of services rendered. Where we offer advisory clients access to third-party financial software, we may impose an annual fee ranging up to \$500 collected in advance. In our sole discretion, we may negotiate our fee and fee-paying arrangements depending on the client's individual circumstances. Under no circumstances will we require prepayment of a fee in excess of \$1,200 for services not performed within six months of the advanced payment. All terms of our engagement will be evidenced in the written agreement that you sign with our firm.

Our fee is payable as invoiced, or you may authorize us to deduct our fee from a managed account at a qualified custodian for which we provide portfolio management services. You may terminate the agreement by providing our firm with written notice. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If advanced fee paying arrangements are negotiated and we have received pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### **Selection of Other Advisers**

We do not charge you a separate fee for the selection of other advisers. We will share in the advisory fee you pay directly to the TPMM. The advisory fee you pay to the TPMM is established and payable in accordance with the brochure provided by each TPMM to whom you are referred. These fees may or may not be negotiable. Our compensation may differ depending upon the individual agreement we have with each TPMM. As such, a conflict of interest may arise where our firm or persons associated

with our firm may have an incentive to recommend one TPMM over another TPMM with whom we have more favorable compensation arrangements or other advisory programs offered by a TPMM with whom we have less or no compensation arrangements.

You will be required to sign an agreement directly with each selected TPMM. Brokerage and custodial services used by a recommended TPMM vary. You are able to terminate your advisory relationship with the TPMM according to the terms of your agreement with the TPMM. You should review each TPMM's brochure for specific information on how to terminate your advisory relationship with the TPMM and how you will receive a refund, if applicable. You should contact the TPMM directly for questions regarding your advisory agreement with that firm.

### **Pension Consulting Services to Retirement Plans and Plan Participants**

Our Pension Consulting fee is based on our portfolio management fee schedule noted above and in the agreement that you sign with our firm.

Generally, fees for these services shall be: 1) on a flat fee basis; 2) on a percentage of a plan's assets; or 3) a combination of these methods, as agreed to between Harvest Investment Services and the Plan Sponsor or plan participant (in the case of the 401k Active Watch service). Neither our firm nor any of our investment adviser representatives receive additional compensation beyond these fees.

Either party to the agreement may terminate the agreement upon 7-days written notice to the other party. The pension consulting fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to the client.

### **Affiliation with Private Fund**

To qualify for an investment in a private fund an investor to the private fund must be an accredited investor or qualified purchaser as applicable to the corresponding private fund offering documents. For a full description of the applicable fees, including performance based fees, and expenses charged to the respective private fund, investors should review the associated offering documents. Harvest Investments does not purchase the Fund for its investors through the use of discretion and earns no compensation beyond the advisory fee it earns as stated in your client agreement. Harvest Investments only sells class 2 of the Fund, which charges 1% in internal fees and is not shared with Harvest Investments.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in equity securities, ETFs, or mutual funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses involving the trading of securities. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the *Brokerage Practices* section of this Brochure.

We may trade client accounts on margin. Each client must sign a separate margin agreement *before* margin is extended to that client account. Fees for advice and execution on these securities are based on the total asset value of the account, which includes the value of the securities purchased on margin. While a negative amount may show on a client's statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create

a conflict of interest where we may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin results in interest charges paid by you in addition to all other fees and expenses associated with the securities involved.

### **Compensation for the Sale of Other Investment Products**

Some investment adviser representatives of our firm are licensed as insurance agents and may sell insurance products through an affiliated company, Harvest Financial Planning, LLC, or through separate insurance agencies of which the investment adviser representative may or may not be affiliated. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have a financial incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm. Depending on the insurance products sold, the commissions earned by the insurance agent may be substantial. This creates an incentive for the insurance agent to sell you insurance products rather than investment advisory services since they will typically earn more money from the sale of insurance products. Harvest Investments mitigates this by recommending what we believe is in your best interest at all times.

*Lower fees for comparable services may be available from other services.*

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

We do not accept performance-based fees or participate in side-by-side management. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

## **Item 7 Types of Clients**

We typically offer investment advisory services to individuals, including high net worth individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and business entities, and other registered investment advisers. We also provide investment advisory services to collective investment trusts for our affiliated investment adviser, Envoy Advisory Inc. for pension and profit sharing plans.

Generally, we require a minimum account size of \$25,000 to open and maintain an advisory account with our firm. We may waive or lower this minimum requirement in our sole discretion. We may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

As mentioned previously in this Brochure, our firm is affiliated with HIS Kingdom Resources Trust through common ownership. Investors in the Fund will be required to make a minimum initial investment of \$200,000 upon subscription. Investors and prospective investors should refer to the Fund's offering documents for further information on minimum investment and investor qualification requirements.

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

### Our Methods of Analysis and Investment Strategies

We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

Our Actively Managed Tactical Strategy uses a unique blend of global capital appreciation strategies coupled with risk control techniques. We employ disciplined buy and sell strategies to manage each position in your accounts.

Charting Analysis - involves the gathering and processing of price and volume pattern information for a particular security, sector, broad index or commodity. This price and volume pattern information is analyzed. The resulting pattern and correlation data is used to detect departures from expected performance and diversification and predict future price movements and trends.

Risk: Our charting analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Fundamental Analysis - involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company and its industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

Risk: The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

Cyclical Analysis - a type of technical analysis that involves evaluating recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long term expansions and contractions.

Risk: The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Technical Analysis - involves studying past price patterns, trends, and interrelationships in the financial markets to assess risk-adjusted performance and predict the direction of both the overall market and specific securities.

Risk: The risk of market timing based on technical analysis is that our analysis may not accurately detect anomalies or predict future price movements. Current prices of securities may reflect all information known about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Long-Term Purchases - securities purchased with the expectation that the value of those securities will grow over a relatively long period of time, generally greater than one year.

Risk: Using a long-term purchase strategy generally assumes the financial markets will go up in the long-term which may not be the case. There is also the risk that the segment of the market that you are invested in or perhaps just your particular investment will go down over time even

if the overall financial markets advance. Purchasing investments long-term may create an opportunity cost - "locking-up" assets that may be better utilized in the short-term in other investments.

**Short-Term Purchases** - securities purchased with the expectation that they will be sold within a relatively short period of time, generally less than one year, to take advantage of the securities' short-term price fluctuations.

**Risk:** Using a short-term purchase strategy generally assumes that we can predict how financial markets will perform in the short-term which may be very difficult and will incur a disproportionately higher amount of transaction costs compared to long-term trading. There are many factors that can affect financial market performance in the short-term (such as short-term interest rate changes, cyclical earnings announcements, etc.) but may have a smaller impact over longer periods of times.

**Short Sales** - securities transaction in which an investor sells securities that were borrowed in anticipation of a price decline. The investor is then required to return an equal number of shares at some point in the future.

**Risk:** A short seller will profit if the stock goes down in price, but if the price of the shares increase, the potential losses are unlimited.

**Margin Transactions** - a securities transaction in which an investor borrows money to purchase a security, in which case the security serves as collateral on the loan.

**Risk:** If the value of the shares drops sufficiently, the investor will be required to either deposit more cash into the account or sell a portion of the stock in order to maintain the margin requirements of the account. This is known as a "margin call." An investor's overall risk includes the amount of money invested plus the amount that was loaned to them.

**Option Writing** - a securities transaction that involves selling an option. An option is the right, but not the obligation, to buy or sell a particular security at a specified price before the expiration date of the option. When an investor sells an option, he or she must deliver to the buyer a specified number of shares if the buyer exercises the option. The seller pays the buyer a premium (the market price of the option at a particular time) in exchange for writing the option.

**Risk:** Options are complex investments and can be very risky, especially if the investor does not own the underlying stock. In certain situations, an investor's risk can be unlimited.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

We may use investment strategies that involve buying and selling securities frequently in an effort to capture significant market gains and avoid significant losses during a volatile market. However, frequent trading can negatively affect investment performance, particularly through increased brokerage and other transactional costs and taxes.



## **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

## **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

## **Recommendation of Particular Types of Securities**

As disclosed under the "Advisory Business" section in this Brochure, we primarily recommend stocks and ETFs along with mutual funds. Each type of security has its own unique set of risks associated with it and it would not be possible to list here all of the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.

There are numerous ways of measuring the risk of stocks. In very broad terms, the value of a stock depends on the financial health of the company issuing it. However, stock prices can be affected by many other factors including, but not limited to the class of stock (for example, preferred or common); the health of the market sector of the issuing company; and the overall health of the economy. In general, larger, more well established companies ("large cap") tend to be safer than smaller start-up companies ("small cap") but the mere size of an issuer is not, by itself, an indicator of the safety of the investment.

ETFs generally provide diversification, risks can be significantly increased if the ETF is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the ETF with different types of securities. Exchange traded funds can be bought and sold throughout the day like stock and their price can fluctuate throughout the day. The returns on ETFs can be reduced by the costs to manage the funds.

Other securities that we may recommend that have higher risk include the following:

Leveraged ETFs seek to achieve a return that is a multiple of two or three times the performance of the index they track. For example, if the market as measured by the S&P 500 is up 1%, then an ETF with a 2x multiplier would be up approximately 2%, while an ETF with a 3x multiplier would be up 3%. It may seem that a 2x or 3x multiplier is a benefit when the market and ETF move higher, it is important to remember that the multiplier applies when the ETF moves lower, which would result in greater losses than the tracked index.

Inverse ETFs seek to deliver the opposite performance of the index or benchmark they track. For example, if the market as measured by the S&P 500 is down 1% the inverse ETF would be positive by approximately 1%. Inverse ETFs often are marketed as a way for investors to profit from or hedge exposure to declining markets. It is important to remember that historically the market does move higher over the intermediate to long term.

Leveraged Inverse ETFs seek to achieve the inverse return of two or three times the performance of the index they track. For example, if the market as measured by the S&P 500 is down 1%, then an inverse leveraged ETF with a 2x multiplier would be up approximately 2%, while an ETF with a 3x multiplier would be up 3%. To accomplish their objectives, leveraged and inverse ETFs pursue a range of investment strategies through the use of swaps, futures contracts, and other derivative instruments.

Most leveraged and inverse ETFs "reset" daily, meaning that they are designed to achieve their stated objectives on a daily basis. Their performance over longer periods of time -- over weeks or months or years -- can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. This effect can be magnified in volatile markets and results can deviate substantially from their index.

Leveraged or inverse ETFs are typically more costly than traditional ETFs.

Leveraged or inverse ETFs may be less tax-efficient than traditional ETFs, in part because daily resets can cause the ETF to realize significant short-term capital gains that may not be offset by a loss. Be sure to check with your tax advisor about the consequences of investing in a leveraged or inverse ETF.

Due to our firm's philosophy on investments, we sometimes hold these longer than the recommended prospectus' daily time frame since we attempt to limit the downside on a client by client basis through other trading techniques. While there may be trading and hedging strategies that justify holding these investments longer than a day, buy-and-hold investors with an intermediate or long-term time horizon should carefully consider whether leveraged ETFs are appropriate for their portfolio. As discussed above, because leveraged and inverse ETFs reset each day, their performance can quickly diverge from the performance of the underlying index or benchmark. In other words, it is possible that you could suffer significant losses even if the long-term performance of the index showed a gain.

Real Estate Investment Trust: A real estate investment trust ("REIT") is a corporate entity which invests in real estate and/or engages in real estate financing. A REIT reduces or eliminates corporate income taxes. REITs can be publicly or privately held. Public REITs may be listed on public stock exchanges. REITs are required to declare 90% of their taxable income as dividends, but they actually pay dividends out of funds from operations, so cash flow has to be strong or the REIT must either dip into reserves, borrow to pay dividends, or distribute them in stock (which causes dilution). After 2012, the IRS stopped permitting stock dividends. Most REITs must refinance or erase large balloon debts periodically. The credit markets are no longer frozen, but banks are demanding, and getting, harsher terms to re-extend REIT debt. Some REITs may be forced to make secondary stock offerings to repay debt, which will lead to additional dilution of the stockholders. Fluctuations in the real estate market can affect the REIT's value and dividends.

Business Development Company's (BDCs) are designed to provide a high level of current income. The fund primarily invests in floating rate, senior secured loans of private U.S. middle market companies. BDCs invest in securities that are rated below investment grade by rating agencies or



that would be rated below investment grade if they were rated. Below investment grade securities, which are often referred to as "junk," have predominantly speculative characteristics with respect to the issuer's capacity to pay interest and repay principal. They may also be difficult to value and illiquid. An investment strategy focused primarily on privately held companies presenting certain challenges, including lack of available information about these companies. BDCs can be publicly or privately held. Public BDCs may be listed on a public exchange. Privately held BDCs may be considered speculative and involve a high level of risk, including the risk of a substantial loss of investment. There may be no public trading market for shares of privately held BDCs and the BDC sponsor is not obligated to effectuate a liquidity event by a specified date, if at all, it is unlikely that you will be able to sell your shares. If you are able to sell your shares before the BDC completes a liquidity event, it is likely that you will receive less than you paid for them. There may be quarterly tender offers for the BDC and if there are tender offers only a limited number of shares will be eligible for repurchase and the sponsor may amend, suspend or terminate the share repurchase program at any time.

#### Alternative Investments / Private Funds

As part of our firm's investment philosophy, we may also recommend to certain "*accredited investors*" to invest in private investments, including, but not limited to, private placements, limited partnerships, limited liability companies, alternative investments or private funds. Private investments should be considered to contain an above average amount of risk and the loss of principal is high. These types of investments are generally recommended only as long-term investments as they may be considered illiquid in nature, and clients should be prepared for any investment in these funds to be inaccessible for a prolonged period. To the extent applicable, clients will be provided the required legal investment documentation and must sign documents outside the scope of our firm's investment advisory agreement. These documents may include, but are not limited to: Private Placement Memorandum; Subscription Agreement; Operating Agreement; and/or, Limited Partnership Agreement. Private funds are pooled investment vehicles that generally include hedge funds and private equity funds. These investments are considered illiquid with high levels of risk, include the loss of the entire investment.

## **Item 9 Disciplinary Information**

We are required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of our advisory business or the integrity of our management. We do not have any required disclosures under this item.

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

### **Insurance Licenses**

Some persons providing investment advice on behalf of our firm are also licensed as independent insurance agents. Please refer to the *Fees and Compensation* section (Item 5) for additional disclosures on this topic.

### **Recommendation of Other Advisers**

We may recommend that you use a third party money manager ("TPMM") based on your needs and suitability. We will receive compensation from the TPMM for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the TPMM. You are not obligated, contractually or otherwise, to use the services of any TPMM we recommend. We will only refer you to TPMMs or other advisers that are registered or notice filed in the appropriate jurisdiction.

### **Affiliated Entities**

Harvest Investment Services is also affiliated with the following entities:

- Envoy Advisory Inc. is an affiliated SEC registered investment adviser.
- Envoy TPA and Recordkeeping, Inc. is an affiliated company which provides Plan accounting and administration, trade processing, mutual fund shareholder services, and recordkeeping services to Plan Sponsors and Participants, and clients for additional fees which are set forth in separate agreements.
- Envoy Financial is an affiliated company that focuses on client education, but this entity does not earn any separate compensation or fees.
- Envoy IRA, LLC is an affiliated company that was created for eventual IRA business, though at present, all IRA business is under Envoy Advisory, Inc. As Envoy's IRA service grows and diversifies, the income from those services and the expenses associated with providing them will be captured in Envoy IRA, LLC and not be part of the Envoy Advisory expense or income structure.
- Harvesting Kingdom Resources, LLC is the sponsor and investment manager of the HIS Kingdom Resources Trust (the "Fund"), an affiliate of our firm through common ownership and management. Harvesting Kingdom Resources, LLC provides discretionary investment advisory and portfolio management services to the Fund.

Referrals to an affiliated entity present a conflict of interest for us because we have a direct or indirect financial incentive to recommend an affiliated firm's services. While we believe that compensation charged by our affiliates is competitive, such compensation may be higher than fees charged by other firms providing the same or similar services. You are under no obligation to use the services of any firm we recommend, whether affiliated or otherwise, and may obtain comparable services and/or lower fees through other firms.

### **Arrangements with Affiliated Entities**

As discussed in the *Advisory Business* section of this Brochure, our firm is affiliated with HIS Kingdom Resources Trust through common ownership and management, a private fund in which you may be solicited to invest. The Fund is offered to "accredited investors" as described in the Fund's private placement memorandum and other offering documents. The fees charged by the Fund are separate and apart from our advisory fees. You should refer to the offering documents for a complete description of the fees, investment objectives, risks and other relevant information associated with investing in the Fund. Persons affiliated with our firm have made an investment in the Fund and have a financial incentive to recommend the Fund over other investments.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Code of Ethics also requires that certain persons associated with our firm submit reports of their personal reportable securities account holdings and transactions to a qualified representative of our firm who will review these reports on a periodic basis. These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers' acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more mutual funds.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this Brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To mitigate this conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

## **Item 12 Brokerage Practices**

### **Brokerage Recommendations**

For clients engaging our firm for portfolio management services, we require clients to open one or more custodial accounts in their own name at a qualified custodian, such as TD Ameritrade Institutional, a division of TD Ameritrade, Inc., ("TD Ameritrade") member FINRA/SIPC, among others, for which our firm has an established relationship. If you do not direct our firm to execute transactions through a qualified custodian to whom we have an existing relationship with, we reserve the right to not accept your account.

TD Ameritrade offers independent investment advisers services that include custody of securities, trade execution, clearance and settlement of transactions. Our firm may receive some benefits from TD Ameritrade through its participation in the program. Our firm or our Associated Persons receive benefits such as assistance with conferences and educational meetings from product sponsors. In recommending a broker dealer we will endeavor to recommend those brokers or dealers that will provide quality services at reasonable fees. The reasonableness of such fees is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the custodian's reputation, execution capabilities, and responsiveness to our clients.

As disclosed above, we participate in TD Ameritrade's institutional customer program and we may recommend TD Ameritrade to clients for custodial and brokerage services. There is no direct link between our participation in the program and the investment advice we give to its clients. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no

transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by our Associated Persons. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our client accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our Associated Persons personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duties to clients, we endeavor at all times to put the interests of our clients first. You should be aware, however, that the receipt of economic benefits by our firm or our Associated Persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody and brokerage services.

### **Other Custodians/Broker/Dealers**

As part of the investment advisory services we provide, if we recommend the use of a third party money manager, that firm may use brokerage and custodial services separate and apart from TD Ameritrade. You should review the disclosure brochure of the recommended third party money manager for additional disclosures on this topic.

### **Research and Other Soft Dollar Benefits**

As a registered investment adviser, we have access to research products and services from your account custodian and/or other brokerage firm. These products include financial publications, information about particular companies and industries, research software, and other products or services that provide lawful and appropriate assistance to our firm in the performance of our investment decision-making responsibilities. Such research products and services are provided to all investment advisers that utilize the service platforms of these firms and considered a benefit to our firm, but are *not* considered to have been paid with soft dollars. To the extent our firm receives any research products and/or services from your acting custodian/broker-dealer, a conflict of interest arises in that such research and/or services might not directly benefit client accounts. In effort to mitigate this conflict of interest it is our firm's policy to use such research or services to assist in making investment decisions on behalf of client accounts or to assist with our overall responsibility for servicing client accounts, respectively. Clients should also be aware that the commissions charged by a particular broker-dealer for a particular transaction or set of transactions may be greater than the amounts another broker who did not provide research services or products might charge. As a registered investment adviser our firm and representatives of our firm have a fiduciary duty to act in our client's best interest.

### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

### **Block Trades**

We may combine multiple orders for shares of the same securities purchased for advisory accounts we manage (this practice is commonly referred to as "block trading"). We will then distribute a portion of the shares to participating accounts in a fair and equitable manner. The distribution of the shares

purchased is typically proportionate to the size of the account, but it is not based on account performance or the amount or structure of management fees. Subject to our discretion regarding factual and market conditions, when we combine orders, each participating account pays an average price per share for all transactions and pays a proportionate share of all transaction costs. Accounts owned by our firm or persons associated with our firm may participate in block trading with your accounts; however, they will not be given preferential treatment.

### **Item 13 Review of Accounts**

We monitor client portfolios as part of an ongoing process while account reviews are conducted at least annually. The reviews are designed to ensure that the advisory services provided to you are consistent with your stated investment needs and objectives. Additional reviews may be conducted at your request, or based on various circumstances, including, but not limited to contributions and withdrawals, year-end tax planning, market moving events, security specific events, and/or, changes in your risk/return objectives.

The Investment Adviser Representative assigned to your account and/or one of the following individuals will review your account: Tim J. Newell, President and CEO, John Aloy, CIO or Fred Newell, CCO. The individuals conducting reviews may vary from time to time, as personnel join or leave our firm.

You will receive trade confirmations and monthly or quarterly statements from each account custodian where you have accounts.

Financial planning reviews may be conducted based on your specific request and agreement you sign with our firm, and may be subject to our hourly rate discussed above in the Fees and Compensation section.

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

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with TD Ameritrade.

As disclosed under the *Fees and Compensation* section in this Brochure, some persons providing investment advice on behalf of our firm are licensed insurance agents. For information on the conflicts of interest this presents, please refer to the *Fees and Compensation* section (Item 5) above.

### **Item 15 Custody**

Your independent custodian will directly debit client accounts for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other qualified custodian. You will receive account statements from the qualified custodian holding your funds and securities at least quarterly. The account statements from the custodian will indicate the amount of our advisory fees deducted from each of client account each billing period. You should carefully review account statements for accuracy.

## Item 16 Investment Discretion

If you engage us to perform discretionary management services, you must first sign our discretionary management agreement before we can buy or sell securities on your behalf. Discretionary authorization enables our firm to exercise discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. In limited circumstances, *and only in our sole discretion*, we may accept certain instructions from you that limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Again, Harvest Investments does not use its discretionary authority to purchase HIS Kingdom Resources Trust.

## Item 17 Voting Client Securities

We do not vote proxies on behalf of your advisory accounts. At your request, we sometimes offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of applicable securities, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we receive any written or electronic proxy materials, we forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies. Some proxy notices are coded for privacy. If that is the case, we will be unable to forward them to you.

## Item 18 Financial Information

We are not required to provide a balance sheet or other financial information to our clients, because we do not require the prepayment of fees in excess of \$1,200 and six months or more in advance; we do not take custody of client funds or securities; and, we do not have a financial condition that is reasonably likely to impair our ability to meet our commitments to you. Moreover, we have never been the subject of a bankruptcy petition.

## Item 19 Requirements for State-Registered Advisers

Our firm is registered with the SEC; therefore, no response is required for this item.

## Item 20 Additional Information

### Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.



We do not disclose any non-public personal information about you to any non-affiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, insurance agencies and insurance companies, accountants, consultants, and attorneys.

We restrict internal access to non-public personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your non-public personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this Brochure if you have any questions regarding this policy.

### **Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit. Moreover, we do not determine whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf.

### **IRA Rollover Considerations**

As part of our investment advisory services to you, we may recommend that you withdraw the assets from your employer's retirement plan and roll the assets over to an individual retirement account ("IRA") that we will manage on your behalf. If you elect to roll the assets to an IRA that is subject to our management, we will charge you an asset based fee as set forth in the agreement you executed with our firm. This practice presents a conflict of interest because persons providing investment advice on our behalf have an incentive to recommend a rollover to you for the purpose of generating fee based compensation rather than solely based on your needs. You are under no obligation, contractually or otherwise, to complete the rollover. Moreover, if you do complete the rollover, you are under no obligation to have the assets in an IRA managed by our firm.

Many employers permit former employees to keep their retirement assets in their company plan. Also, current employees can sometimes move assets out of their company plan before they retire or change jobs. In determining whether to complete the rollover to an IRA, and to the extent the following options are available, you should consider the costs and benefits of:

1. Leaving the funds in your employer's (former employer's) plan.
2. Moving the funds to a new employer's retirement plan.
3. Cashing out and taking a taxable distribution from the plan.
4. Rolling the funds into an IRA rollover account.

Each of these options has advantages and disadvantages and before making a change we encourage you to speak with your CPA and/or tax attorney.

If you are considering rolling over your retirement funds to an IRA for us to manage here are a few points to consider before you do so:

1. Determine whether the investment options in your employer's retirement plan address your needs or whether you might want to consider other types of investments.
  1. Employer retirement plans generally have a more limited investment menu than IRAs.



2. Employer retirement plans may have unique investment options not available to the public such as employer securities, or previously closed funds.
2. Your current plan may have lower fees than our fees.
  1. If you are interested in investing only in mutual funds, you should understand the cost structure of the share classes available in your employer's retirement plan and how the costs of those share classes compare with those available in an IRA.
  2. You should understand the various products and services you might take advantage of at an IRA provider and the potential costs of those products and services.
3. Our strategy may have higher risk than the option(s) provided to you in your plan.
4. Your current plan may also offer financial advice.
5. If you keep your assets titled in a 401k or retirement account, you could potentially delay your required minimum distribution beyond a certain age.
6. Your 401k may offer more liability protection than a rollover IRA; each state may vary.
  1. Generally, federal law protects assets in qualified plans from creditors. Since 2005, IRA assets have been generally protected from creditors in bankruptcies. However, there can be some exceptions to the general rules so you should consult with an attorney if you are concerned about protecting your retirement plan assets from creditors.
7. You may be able to take out a loan on your 401k, but not from an IRA.
8. IRA assets can be accessed any time; however, distributions are subject to ordinary income tax and may also be subject to a 10% early distribution penalty unless they qualify for an exception such as disability, higher education expenses or the purchase of a home.
9. If you own company stock in your plan, you may be able to liquidate those shares at a lower capital gains tax rate.
10. Your plan may allow you to hire us as the manager and keep the assets titled in the plan name.

It is important that you understand the differences between these types of accounts and to decide whether a rollover is best for you. Prior to proceeding, if you have questions contact your investment adviser representative, or call our main number as listed on the cover page of this Disclosure Brochure.

### **IRA Rollover Recommendations**

For purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02") where applicable, we are providing the following acknowledgment to you.

When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under a special rule that requires us to act in your best interest and not put our interest ahead of yours. Under this special rule's provisions, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice);
- Never put our financial interests ahead of yours when making recommendations (give loyal advice);
- Avoid misleading statements about conflicts of interest, fees, and investments;
- Follow policies and procedures designed to ensure that we give advice that is in your best interest;
- Charge no more than is reasonable for our services; and
- Give you basic information about conflicts of interest.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.