

# DISCLOSURE BROCHURE

Form ADV Part 2A

March 27, 2023

## Haymarket Wealth Management

40 Main Street, Suite 201A

Madison, New Jersey 07940

973.441.2110

[www.HaymarketWealth.com](http://www.HaymarketWealth.com)

This brochure provides information about the qualifications and business practices of Haymarket Wealth Management, LLC (hereinafter “Haymarket,” the “Firm,” “we” or “us”). If you have any questions about the contents of this brochure, please contact the firm at the number listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about Haymarket is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Haymarket is an independent registered investment adviser. Registration does not imply any level of skill or training.

## **Item 2. Material Changes**

In this Item, Haymarket is required to discuss any material changes which have been made to the brochure since the last annual amendment dated March 23, 2022.

No substantive changes have been made to the contents of this document since the last annual amendment dated March 23, 2022.

### Item 3. Table of Contents

Item 2. Material Changes .....	2
Item 3. Table of Contents .....	3
Item 4. Advisory Business .....	4
Item 5. Fees and Compensation .....	5
Item 6. Performance-Based Fees and Side-by-Side Management .....	6
Item 7. Types of Clients .....	6
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9. Disciplinary Information .....	9
Item 10. Other Financial Industry Activities and Affiliations .....	9
Item 11. Code of Ethics .....	9
Item 12. Brokerage Practices .....	10
Item 13. Review of Accounts .....	13
Item 14. Client Referrals and Other Compensation .....	14
Item 15. Custody .....	14
Item 16. Investment Discretion .....	15
Item 17. Voting Client Securities .....	15
Item 18. Financial Information .....	15

## **Item 4. Advisory Business**

Haymarket, founded in June 2012 and owned by Thomas F. Hagerstrom, is an independent fee-only registered investment adviser.

We provide tailored financial planning and investment management services to clients based on our in-depth knowledge of our clients' financial objectives, financial resources, sources and stability of employment income, investment experience, investment time horizon and tolerance for investment risk. Haymarket works with its clients' existing tax, insurance and estate planning professionals to tailor the design and implementation of all investment management recommendations.

As of December 30, 2022, Haymarket had total assets under management of \$526,414,399, of which \$110,492,972 was managed on a discretionary basis and \$415,921,427 was managed on a non-discretionary basis.

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

Haymarket provides a collaborative, goal-based financial planning service to clients. The final output of this service is a lifetime saving, investing and spending plan designed to facilitate the achievement of an agreed upon set of client financial goals and objectives.

Primary inputs to this process include existing financial assets and liabilities, annual employment income, anticipated retirement age, annual expenditures (pre- and post- retirement), charitable and wealth transfer objectives, investment experience, and tolerance for financial risk.

Interim outputs will include detailed analyses on the achievability of different combinations of financial goals/objectives and investment management strategies. From these different combinations, a single integrated plan can be selected and monitored and refined overtime.

### **Investment Management Services**

After fully understanding a client's financial objectives, financial resources, sources and stability of employment income, investment experience, investment time horizon and tolerance for investment risk, Haymarket determines the individual investments and asset allocation (mix of investments in the portfolio) that we believe are most likely to achieve a client's investment objectives over time. We emphasize complete transparency in all aspects of our investment approach. Our goal is to fully inform clients on the rationale behind our recommendations as well as all of the recommendations' attendant risks and rewards. An agreed upon investment portfolio for each client is documented in an Investment Policy Statement.

We generally recommend a broad mix of passively managed low-cost mutual funds for investment portfolios. These funds are designed to significantly reduce or eliminate the risks of active management (for example, stock-picking and market-timing strategies) through very

broad and efficient diversification. This kind of diversification is designed to eliminate all risks but the one that investors are generally rewarded for taking over time (in other words, “compensated risk”). We may utilize other low-cost investment vehicles, such as exchange-traded funds (“ETFs”) and individual fixed income securities, when appropriate. The Firm may also consider other types of investment vehicles for added diversification including private equity, real estate, credit and/or hedge funds or other private placement securities.

Haymarket manages client investment portfolios on a discretionary or non-discretionary basis. In addition, the Firm does not serve as the sponsor or manager for any wrap fee program or accounts.

## **Item 5. Fees and Compensation**

Haymarket provides services on a fee basis, meaning that clients pay an annual fee based upon a percentage of assets under the Firm’s management. This fee ranges up to 75 basis points (i.e., 0.75%), as illustrated in the following fee schedule

<b>Portfolio Value</b>	<b>Annual Fee</b>
First \$1,000,000 .....	0.75%
\$1,000,001 - \$4,000,000 .....	0.50%
\$4,000,001 - \$7,000,000 .....	0.25%
Above \$7,000,000.....	Negotiable

The annual management fee is prorated and charged quarterly in arrears, based upon the average daily value of the assets being managed by Haymarket during the previous quarter. Since the fee is determined by average daily account balance, if assets are deposited into or withdrawn from an account after the inception of a billing period, the fee payable with respect to such assets is adjusted accordingly. For the initial term of an engagement, the fee is calculated on a pro rata basis. In the event the client relationship is terminated, the fee for the final billing period is prorated through the effective date of the termination and the outstanding balance is charged to the client, as appropriate.

Haymarket, in its sole discretion, may negotiate to charge a lesser or predetermined flat fee on a client-by-client basis. Client specific circumstances, such as a preexisting relationship as well as the size and composition of a client’s investment portfolio, will be considered.

### **Additional Investment Related Fees and Expenses**

All fees paid to Haymarket for investment management services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. Mutual fund expenses are generally described in each fund’s prospectus. Haymarket generally intends to invest a significant portion of client assets in passively managed no-load mutual funds with relatively low

internal expense ratios. Clients may also incur transaction fees when Haymarket buys, sells or otherwise transfers mutual funds or other securities on their behalves. Transaction fees are charged by the account custodian (i.e., the brokerage firm holding client assets for safekeeping), which may also charge custodial fees, wire transfer fees, interest, and other related charges. Taxes, regulatory fees and other government charges levied by the client will also be borne by the client. To the extent clients act on Haymarket's financial planning related recommendations, other professionals, such as lawyers and accountants, may also charge separate and additional fees, no portion of which will be shared with the Firm.

### **Fee Debit**

Clients may authorize Haymarket to debit their account for payment of the Firm's management fee. The account custodian sends a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to Haymarket. Alternatively, clients may elect to have Haymarket send an invoice for payment.

### **Commissions or Sales Charges for Recommendations of Securities**

The Firm does not receive any commissions or transaction fees associated with its investment management services. No Supervised Persons of Haymarket are registered representatives of a broker-dealer.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

Haymarket does not provide services for performance-based fees, which are considered those based on a share of capital gains or capital appreciation of client assets. As such, the Firm does not engage in side-by-side management, as it relates to this Item.

## **Item 7. Types of Clients**

Haymarket provides its services to individuals, estates, charitable organizations, trusts and other business entities. The Firm does not impose a stated minimum fee or minimum portfolio value for starting and maintaining an investment management relationship.

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

### **Investment Strategies and Analyses**

Haymarket's investment management strategy is guided by the following beliefs:

- Financial markets are sufficiently efficient to render active investment management ineffective (Efficient Market Theory),
- Expected risk and return are related (Capital Asset Pricing Model),
- Diversification is a prerequisite to structuring efficient portfolios (Modern Portfolio Theory),
- Asset allocation is the primary determinant of the performance for a highly diversified portfolio,
- Cost (fees and taxes) and investment performance are generally inversely related, and
- Discipline is crucial to successful investing.

Haymarket generally recommends a mix of assets based on:

- A client's financial objectives, financial resources, sources and stability of employment income, investment time horizon and tolerance for investment risk, and
- An in-depth understanding of the expected risk and return characteristics of each recommended asset.

Portfolios will generally be comprised of a mix of:

- High quality short and intermediate maturity bond mutual funds,
- Domestic and international equity mutual funds and REIT mutual funds; and when appropriate,
- Selected private debt, equity, real estate and/or hedge funds.

Clients seeking higher expected returns (in exchange for higher expected risk) will generally have higher allocations to stocks, specifically, small and value stocks. Alternatively, clients seeking lower expected risk (and thus lower expected return) will have higher allocations to bonds. Our recommended portfolio will not be influenced by current market conditions.

Asset allocations in a client portfolio will change as financial markets rise and fall. This creates the opportunity to selectively rebalance client portfolios to bring asset class percentages back to policy targets. Asset classes that have risen beyond predetermined limits are sold while those that have fallen in value are purchased. Rebalancing typically has the effect of modestly enhancing portfolio returns while maintaining the agreed-upon risk level for the portfolio. In order to limit rebalancing transactions and the costs associated with buying and selling mutual funds through the chosen custodian, Haymarket has set ranges in which allocations may vary and at which rebalancing is triggered.

Haymarket invests most client assets in passively managed mutual funds. These funds do not engage in active stock picking, market timing, sector rotation, and other speculative strategies. Passively managed funds generally have much lower portfolio turnover, less taxable distributions to shareholders, lower costs and greater diversification, all while outperforming the majority of actively managed funds over time.

### **Investment Strategy Risk**

Financial markets are inherently volatile and unpredictable, particularly in the short term. Investments in stocks, no matter how well diversified, will result in declines in the value of client portfolios. Sometimes these declines can be significant.

While most academic research shows a direct relationship between risk and return (e.g., small company stocks as a group outperform large company stocks because they are riskier; value company stocks as a group outperform growth company stocks because they are riskier; stocks outperform bonds because they are riskier), these relationships may not be evident over many months or even years. In this light, our investment philosophy is best suited for investors who desire a buy-and-hold strategy (with periodic rebalancing) for a substantial portion of their funds.

Also, correlations among asset classes (how their returns move relative to each other over various time periods) are constantly changing. Lower correlations tend to improve portfolio diversification. There are times, however, when asset classes move in tandem, reducing the benefits of asset class diversification. This can occur at particularly difficult times in market and economic cycles – amplifying portfolio losses.

To the extent a client portfolio has meaningful allocations to small, value and/or international stocks, the returns on their portfolio can vary significantly, up or down, from popular market indexes such as the S&P 500 or Dow Jones Industrial Average. In those periods during which their portfolio is underperforming these popular benchmarks, a client may become dissatisfied with their Haymarket investment strategy. This may result in a client changing their investment strategy; such a change can be detrimental to their long-term returns.

Haymarket assists clients in developing rational and reasonable risk and return expectations through our initial and ongoing counseling. This tends to reduce the risk of market-timing behavior and leads to a greater adherence to the agreed-upon Investment Policy Statement for client assets.

### **Securities Risk**

Investment in financial securities involves the risk of loss that clients should be prepared to bear. Securities in foreign developed and emerging markets funds entail additional risks for U.S. investors, as these investments may be affected by foreign taxes, differences in financial standards, political and economic instability, and currency fluctuations. Investments in mutual funds can result in unanticipated tax consequences with regard to dividend and capital gains



distributions. In addition, certain mutual funds in a portfolio(s) held at one custodian may not be eligible for transfer to another custodian should a client wish to effect such a transfer. This might result in a sale of shares, which could create a tax liability.

Haymarket seeks to reduce these risks by investing client assets in broadly diversified and passively managed low cost mutual funds. The stock portion of a portfolio may be invested — through these mutual funds — in over 10,000 individual companies across six to eight global asset classes. This tends to eliminate the risks of active management (concentrated stock picking), which has been shown by a large body of research to not be compensated by higher returns over time.

While we seek to eliminate non-compensated risks through very broad and efficient diversification, we cannot guarantee that a client's goals and objectives will be achieved.

The risks associated with investments in privately placed securities, including the absence of a liquid market for such interests, are fully detailed in the relevant private placement memoranda and/or limited partnership agreement, which all clients/investors are required to receive and/or execute prior to subscription.

## **Item 9. Disciplinary Information**

Haymarket is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. Haymarket does not have any required disclosures to this Item.

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

Haymarket is not engaged in any other financial industry activities and does not have any affiliations that are otherwise material to the Firm's advisory business.

## **Item 11. Code of Ethics**

Haymarket and persons associated with Haymarket are permitted to buy or sell securities that it also recommends to clients consistent with Haymarket's policies and procedures.

Haymarket has adopted a code of ethics ("Code of Ethics") made up of its personal securities transaction and insider trading policies and procedures. When Haymarket is purchasing or considering for purchase any security on behalf of a client, no Covered Person (as defined below)

may effect a transaction in that security prior to the completion of the purchase or until a decision has been made not to purchase such security. Similarly, when Haymarket is selling or considering the sale of any security on behalf of a client, no Covered Person may effect a transaction in that security prior to the completion of the sale or until a decision has been made not to sell such security.

Unless specifically defined in Haymarket's procedures, neither Haymarket nor any of Haymarket's associated persons may effect for himself or herself, for an associated person's immediate family (e.g., spouse, minor children, and adults living in the same household as the associated person), or for trusts for which the associated person serves as a trustee or in which the associated person has a beneficial interest (collectively "Covered Persons"), any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of Haymarket's clients.

The foregoing policies and procedures are not applicable to (i) transactions effected in any account over which no person associated with Haymarket has any direct or indirect influence or control, and (ii) transactions in securities that are: direct obligations of the government of the United States, bankers' acceptances, bank certificates of deposit, commercial paper, and high quality short-term debt instruments, including repurchase agreements, or shares issued by registered open-end investment companies.

This policy has been established recognizing that some securities being considered for purchase and sale on behalf of Haymarket's clients trade in sufficiently broad markets to permit transactions by clients to be completed without any appreciable impact on the markets of such securities. Under certain limited circumstances, exceptions may be made to the policies stated above. Haymarket will maintain records of these trades, including the reasons for any exceptions.

In accordance with applicable rules and regulations, Haymarket also maintains and enforces written policies reasonably designed to prevent the unlawful use of material non-public information by Haymarket or any of its personnel.

Please contact Haymarket to request a copy of the Firm's Code of Ethics.

## **Item 12. Brokerage Practices**

### **Custodial, Brokerage and Clearing Services**

Haymarket generally recommends that investment management clients utilize the custodial, brokerage and clearing services of Charles Schwab & Co., Inc. ("Charles Schwab").

Haymarket may only implement its investment management recommendations after the client has arranged for and furnished Haymarket with all information and authorization regarding

accounts held at their respective financial institutions. Factors which Haymarket considers in recommending Charles Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Charles Schwab may enable Haymarket to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Charles Schwab may be higher or lower than those charged by other custodians, brokers, dealers, banks and other third-party clearing agents (collectively “custodians”).

The commissions paid by Haymarket’s clients comply with Haymarket’s duty to obtain “best execution.” Clients may pay commissions that are higher than another qualified custodian might charge to effect the same transaction where Haymarket determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a custodian’s services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Haymarket seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Transactions may be cleared through other custodians with whom Haymarket has prime brokerage arrangements. Haymarket periodically and systematically reviews its policies and procedures regarding such recommendations in light of its duty to obtain best execution.

### **Brokerage for Client Referrals**

Haymarket does not consider, in recommending custodians, whether the Firm or a related person receives client referrals from a particular custodian.

### **Client Directed Brokerage**

A client may direct Haymarket in writing to use a particular custodian execute some or all transactions for the client. As not all investment advisers require their clients to direct brokerage, the Firm does not routinely recommend, request or require a client do so. In direct brokerage situations, the client will negotiate terms and arrangements for the account with that custodian, and Haymarket will not seek better execution services or prices from other custodian or be able to “batch” client transactions for execution through other custodian with orders for other accounts managed by Haymarket. As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Haymarket may decline a client’s request to direct brokerage if, in Haymarket’s sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

## **Trade Aggregation**

Transactions for each client generally will be effected independently, unless Haymarket decides to purchase or sell the same securities for several clients at approximately the same time. Haymarket may (but is not obligated to) combine or “batch” such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Haymarket’s clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. In this situation, transactions will generally be averaged as to price and allocated among Haymarket’s clients pro rata to the purchase and sale orders placed for each client on any given day.

To the extent that Haymarket determines to aggregate client orders for the purchase or sale of securities, including securities in which Haymarket personnel may invest, Haymarket generally does so in accordance with applicable rules and regulations. Haymarket does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Haymarket determines that a prorated allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include:

- When only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates;
- Allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts;
- If an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account’s assets after an order is placed);
- With respect to sale allocations, allocations may be given to accounts low in cash;
- In cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Haymarket may exclude the account(s) from the allocation and the transactions may be executed on a pro rata basis among the remaining accounts; or
- In cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Haymarket in its investment decision-making process. Such research generally will be used to service all of Haymarket’s clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client’s portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment

research products and/or services poses a conflict of interest because Haymarket does not have to produce or pay for the products or services.

### **Software and Support Provided by Custodians**

Haymarket may receive from Charles Schwab, without cost to Haymarket, computer software and related systems support, which allow Haymarket to better monitor client accounts maintained at Charles Schwab. Haymarket may receive the software and related support without cost because Haymarket renders investment management services to clients that maintain assets at Charles Schwab. The software and related systems support may benefit Haymarket, but not its clients directly. In fulfilling its duties to its clients, Haymarket endeavors at all times to put the interests of its clients first.

Additionally, Haymarket may receive the following benefits from Charles Schwab through the Schwab Institutional division:

- Receipt of duplicate client confirmations and bundled duplicate statements;
- Access to a trading desk that exclusively services the Schwab Institutional participants;
- Access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and
- Access to an electronic communication network for client order entry and account information.

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

### **Account Reviews**

Haymarket monitors clients' investment portfolios as part of a continuous and ongoing process, with regular account reviews conducted at least quarterly. More frequent reviews will occur upon a client's request, in the event of a significant change in a client's financial situation, when significant assets are added or withdrawn from a client account; and/or upon a substantial asset class decline or appreciation. Haymarket's Principal, Thomas F. Hagerstrom, conducts all account reviews.

### **Rebalancing**

If one or more asset class target allocation percentages change by a predetermined amount, we will consider rebalancing the portfolio back to target (policy) percentages. We may determine not to rebalance the asset class for various reason, such as avoiding short-term capital gains, deferring the realization of long-term capital gains, and minimizing transaction costs.

Normally, when we rebalance portfolios, we will purchase additional shares in those mutual funds a client currently owns, unless for such valid reasons as we may determine (e.g., avoiding wash sale rules, fund closing, etc.) a substitute fund is more appropriate.

### **Tax Harvesting**

Haymarket may also buy or sell shares for tax purposes, including realizing losses to offset gains and/or taxable income (i.e., “tax loss harvesting”).

### **Account Statements and Reports**

Haymarket generally sends clients quarterly reports of their Haymarket investment portfolio. Such reports also include a performance review for each client portfolio.

In addition, monthly or quarterly statements are sent directly to each client by the custodian(s) where their assets are held in custody. These statements reflect the assets in the custodian’s custody, together with the confirmations of each transaction executed in the account(s). Clients may also access their account information via their secure websites of their custodians.

We recommend clients compare the account statements they receive from their custodian with those they receive by Haymarket

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

### **Client Referrals**

Haymarket does not currently provide compensation to third-party solicitors for client referrals.

### **Other Economic Benefit**

As discussed in Item 12, Haymarket may receive certain institutional benefits from Charles Schwab that are generally not offered to retail investors.

## **Item 15. Custody**

The Firm does not maintain physical custody of client funds or securities.

Certain clients provide Haymarket with the ability to invoice their custodian for payment of the Firm’s advisory fees, which results in a form of constructive custody. In addition, custodians where client accounts are held have agreed to send statements to clients, at least quarterly, indicating all amounts disbursed from their accounts, including the amount of advisory fees paid

directly to Haymarket. Clients should carefully review the statements sent directly by their custodians and compare them to those received from the Firm.

## **Item 16. Investment Discretion**

Haymarket may be given the authority to exercise discretion on behalf of clients. Haymarket is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. Haymarket is given this authority through a power-of- attorney included in the advisory agreement between Haymarket and the client. Clients may request a limitation on this authority (such as certain securities not to be bought or sold). Haymarket takes discretion over the securities to be purchased or sold, the amount of securities to be purchased or sold; and when transactions are made. The Firm does not have the authority or discretion to execute subscription documents for private investments.

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

Haymarket does not accept the authority to vote clients' securities (i.e., proxies) on their behalves. Clients receive proxies directly from the custodian where their assets are custodied and may contact the Firm at the number on the cover of this brochure with questions about proxies and/or other such solicitations.

## **Item 18. Financial Information**

Haymarket is not required to disclose any financial information pursuant to this Item as the firm (i) does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance, (ii) does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and (iii) has not been the subject of a bankruptcy petition at any time during the past ten years.