



HORIZON FINANCIAL

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BROCHURE

March 16, 2023

This Brochure provides information about the qualifications and business practices of Horizon Advisory Services, Inc. If you have any questions about the contents of this Brochure, please contact us at 585.334.3600 or send an email to mrcongdon@horizonadvisors.net.

The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Horizon Advisory Services, Inc., is an investment adviser registered with the SEC. Registration does not imply a certain level of skill or training.

Additional information about Horizon Advisory Services, Inc., also is available on the SEC's website at www.adviserinfo.sec.gov.



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Item 2 Material Changes

The purpose of this Item 2 is to disclose material changes that have been made to this Brochure since the last annual update, which was filed in February 2022. As disclosed in the update filed in September 2022, we reduced the firm's technology fee for small accounts (those with an average daily balance under \$5,000 during the billed quarter).

While there have been no material changes to the firm's business since the last annual update, we have completely revised this Brochure. Accordingly, we recommend that you read it in its entirety.



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Item 4 Advisory Business

Horizon Advisory Services, Inc. (“Horizon”, the “firm”, “we”, or “our”) has been in business since 1998. It became registered as an investment adviser in 2019. Its principal owner is Mark Congdon. The firm conducts business under the name “Horizon Financial.”

Types of Advisory Services

We provide ongoing investment advice and management of client assets on a discretionary basis, which means that the client authorizes us to buy and sell securities as we deem appropriate without having to consult with the client in advance of specific transactions. We work with each client to ensure that we understand the client’s situation, including the client’s financial goals, investment objectives, income and expenses, liquidity needs, assets and debts, risk tolerance, and time horizon. Based on the information provided by the client, we develop and manage the client’s portfolios, monitor performance and rebalance or reallocate assets as necessary.

We believe that appropriate portfolio diversification affords investors the greatest opportunity to achieve consistent, positive investment results. A well-constructed, appropriately diversified investment portfolio should help create a balance of risk and reward while providing exposure to the types of investments that can help the portfolio grow over time and meet the client’s long-term investment goals. Although diversification cannot guarantee against loss, and historical results are never a guarantee of investment success, we believe that this process is the best way to optimize the potential returns for a given amount of estimated risk.

The firm maintains model portfolios with various asset allocation models. Depending on the model, client portfolios may be invested in individual equities, mutual funds, exchange traded funds (ETFs), corporate bonds, government or municipal bonds, and money market funds or other cash equivalents. Clients may not place any restrictions on the securities we place in client accounts. Each of the firm’s registered investment advisor representatives serves as the investment manager for that representative’s clients, selecting the model(s) and/or other securities for each client based on that client’s situation and needs.

We provide financial planning services only to clients for whom we provide portfolio management services. At meetings with the clients, we provide consultation on financial planning topics, potentially including considerations of net worth and cash flow evaluation, education funding, income tax and insurance, disability and retirement issues, estate planning issues and risk management (insurance). These consultations are provided based on specific client needs.

Assets Under Management

As of December 31, 2022, we manage approximately \$361,545,000 in assets, all of which is managed on a discretionary basis.



Item 5 Fees and Compensation

Investment Supervisory Or Management Services

The annual fee for investment supervisory or management services is generally 1.0% of the value of the client's assets under the firm's management. This fee is negotiable at the sole discretion of the firm. The fee to be charged each client will be stipulated within each client's advisory agreement and will apply to all assets within the portfolio or household (as defined in the agreement).

In addition to the asset management fee, each client account with an average daily balance of \$5,000.00 or more is charged an annual administrative fee of \$40.00, which is assessed in quarterly increments of \$10.00 per quarter, in arrears. Each account with an average daily balance under \$5,000.00 is charged an annual administrative fee of \$20.00, which is assessed in quarterly increments of \$5.00 per quarter, in arrears. Accounts that are open less than a complete calendar quarter are assessed the *pro rata* portion of the fee based on the number of days the account was open during the quarter. The fee is deducted directly from the client's account in addition to the client's advisory fee. This is a per-account fee. Clients who have more than one account will be assessed the annual fee for each account.

We do not generally use margin in our clients' accounts. Clients should note, however, that any assets included in clients' margin balances are included when calculating advisory fees. In other words, advisory fees are calculated on the value of the assets in the account, and not on the net liquidating value of the account. Clients who use margin should note that they will also pay margin interest on the same assets.

We require clients to instruct the custodian to debit fees from the client's account. Clients are billed on a quarterly basis, in arrears, based on the average average daily account value of the client's assets during the calendar quarter. For any client who engages the Firm during the quarter that is being billed, the investment advisory fee for the quarter of service is prorated from the inception date of the account(s) to the end of the quarter. For any client whose engagement with the Firm terminates during a quarter, the fee is assessed through and including the date of termination.

Other Fees

In addition to our investment advisory fees, the client will pay all direct expenses incurred for the client or disbursements made on behalf of the client, including custodian's charges for commissions, transaction fees, asset-based custody fees, and all other fees described in the custodial agreement. Clients will also incur charges imposed by other third-parties in connection with certain investments, including mutual fund fees, confirmation fees, surcharges, fees charged by sub-account managers, contingent deferred sales charges on previously purchased mutual funds, clearing, custody and other transaction charges and service fees, and IRA and Qualified Retirement Plan fees.

Additional third-party fees can also include fees associated with the type of transaction (exchange versus purchase), method of placing the transaction (electronic vs. over the phone), and paper confirmation fees.



All mutual funds, including “no load” funds and exchange traded funds, incur transaction costs, expenses and other fees. Mutual funds typically charge ongoing fees and operating costs, including operating expenses, management fees, 12b-1/ servicing fees, and other expenses. These charges are deducted from the fund’s assets, thereby reducing the shareholders’ investment returns. Many mutual funds pay a portion of the marketing and distribution fees to broker-dealers, which in turn pay a portion of these fees to their representatives. Information about the fund’s fees and expenses is contained in the fund Prospectus or in other documents such as the fund’s Statement of Additional Information. Investors should request and read the fund’s Prospectus before making an investment decision.

When purchasing mutual funds, choosing a share class is an important investment decision. Different share classes are charged different types and amounts of fees. Certain share classes can also be subject to restrictions on redemptions, or to “back end” charges that are assessed if the investor redeems his or her investment within a prescribed time period. The holders of higher-cost share classes will pay higher fees, and will thus achieve lower investment return, than holders of lower-cost share classes of the same fund. When selecting mutual funds for use in our models or in client portfolios, we use the lowest cost mutual fund share class that is available through the custodian or clearing firm. Not all custodians offer the lowest cost share class of any given fund.

Compensation for the Sale of Securities or Other Investment Products

Broker-dealers and their representatives receive compensation when clients invest in certain classes of mutual funds. Depending on the share class, compensation could be a front-end sales charge (a commission), a concession from a mutual fund company, ongoing servicing fees (commonly known as “12b-1 fees” or “trails”), distribution fees, dealer fees, or a “back end” sales charge. The ongoing fees that broker-dealers and their representatives receive from the mutual fund company are based upon the amount of the client’s investment held with the fund.

Some people who provide advisory services on behalf of our firm are also registered with Private Client Services, Inc. (“PCS”), a broker-dealer registered with the SEC and a member of FINRA. These individuals offer both investment advisory and brokerage services. When acting as registered representatives of the broker-dealer, these individuals receive commission on transactions in securities, including trail commissions on the sale of annuities, mutual funds and ETFs and a share of certain other fees paid to PCS on client transactions or holdings. Any compensation earned by these persons in their capacities as registered representatives of PCS is separate and in addition to our advisory fees. Clients are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm. Neither our firm nor any of the persons registered with PCS monitor or manage clients’ brokerage accounts or brokerage investments. The representatives may make hold or sell recommendations but do not generally make recommendations for the reinvestment of sale proceeds in brokerage accounts; if clients would like the representatives to monitor or manage their assets, they must engage Horizon to provide those services.

Some of the people who provide investment advice on behalf of our firm are also licensed as



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insurance agents. These people will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these individuals are separate and in addition to our advisory fees. This practice presents a conflict of interest because they have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. You are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

General Information On Advisory Services And Fees

Fee Differentials. As indicated above, fees are negotiable at the discretion of the firm. As a result, any of our clients could pay fees that are higher or lower than the fees charged to other clients who have a similar market value of assets under our management, complexity of engagement, and/or level and scope of the services to be rendered. The services to be provided by our firm to any particular client could be available from other advisers at lower fees. All clients and prospective clients should be guided accordingly.

Margin. The firm is permitted to recommend that clients engage in margin transactions. This would create a conflict of interest, as the firm charges its advisory fee based on the total value of the assets in the account, including assets purchased on margin, without deducting for the margin balance. We address this conflict of interest by generally refraining from recommending that clients use margin and by carefully ensuring that in the few instances when we recommend the use of margin, the recommendation is in the clients' best interest. Purchasing securities on margin amplifies potential returns and losses. Purchasing securities on margin can result in losses greater than a client's original principal. Clients and potential clients should carefully review disclosures regarding risks, fees, and other considerations appearing in margin account agreements prior to opening margin accounts.

Termination. All advisory agreements may be terminated upon written notice by either party at any time, or in accordance with any written advisory agreement. Upon termination, clients will receive refunds of any prepaid and unearned advisory fees (prorated for the balance of the billing period), or clients will be billed for any amount due. Any charges levied by the custodian or any third party after the termination of the advisory agreement will remain the client's responsibility and are not the responsibility of Horizon. We have no obligation to refund these fees to clients.

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

We do not charge performance-based fees or engage in side-by-side management.

Item 7 Types of Clients

We offer investment advisory services to individuals and high net worth individuals. We do not require a minimum amount of assets for opening or maintaining an account.



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

Methods Of Analysis

We use fundamental analysis, which involves the evaluation and interpretation of companies' or funds' financial data, the experience and expertise of the management, and the outlook of the industry/fund category, to assist in evaluating the true value of the companies' securities. Fundamental analysis carries with it the risk that publicly available company information may be inaccurate, and if the securities price adjusts quickly to market information, the value of the portfolio may decrease. This is why our investment strategies involve long term and short term purchases.

The main sources of information for security analysis include:

- Research from third party research firms such as Morningstar Principia (for mutual fund information), Charles Schwab & Co.'s "SchwabLink" service and Advisor Intelligence.
- Public records filed with the U.S. Securities and Exchange Commission
- Financial publications such as the Wall Street Journal, Barron's, and Bloomberg Business Week
- Company websites, annual reports, and other company specific public records
- Conference calls, and industry conferences that provide insight into the research of securities
- Public information collected from financial websites such as Yahoo! Finance and Google Finance

Investment Strategies

Our investment process is based on the principles of asset allocation and diversification. Our Investment Committee has developed several model portfolios, each of which is designed to pursue a particular investment goal. We utilize a top-down approach in determining the asset allocation mix for each model portfolio. (This means the asset allocation comes first and the security selection second.) Typically, we use multiple asset classes, including domestic stocks, foreign stocks and fixed income, among others. We determine the weighting for each asset class within each model portfolio. We typically use mutual funds, exchange traded funds or other comparable pooled investment vehicles for each asset class. Although diversification and asset allocation cannot guarantee a profit or assure against loss, we believe that this approach is the best way to optimize the potential returns for a given amount of estimated risk. Each model is monitored and updated to reflect our outlook for the economy and markets over the short- to intermediate-, and long-term.

Each client's representative determines the appropriate portfolio allocation as between our models based on the client's situation, investment objectives, risk profile, goals and needs, which are discussed at the outset of the relationship and during review meetings. Portfolios of sufficient size may also be invested in individual stocks and individual bonds, or delegated to third party money managers for management of a portion (or "sleeve") of a client's portfolio. Clients must notify us immediately of any changes to the client's financial situation, objectives, or tolerance of risk.



Risk of Loss

All investing in securities involves risk of loss. Those risks include:

- Interest rate risk: The risk borne by an interest-bearing asset, such as a loan or a bond, due to variability of interest rates. In general, as rates rise, the price of a fixed rate bond will fall, and vice versa.
- Market Risk: The risk that the price of a security may drop in reaction to market events. This type of risk is independent of risks associated with a security's particular underlying circumstances.
- Inflation Risk: The risk that a currency loses its purchasing power because of the rising price of goods and services.
- Currency Risk: The risk that arises from the change in price of one currency against another.
- Reinvestment Risk: The risk that a decline in interest rates will lead to lower income when bonds mature and funds are reinvested at a lower rate.
- Business Risk: The risk associated with a particular industry or a particular company with an industry.
- Liquidity Risk: The risk that an investment will not readily be converted into cash.
- Financial Risk: The increase in stockholder's risk, over and above the firm's basic business risk, resulting from the use of financial leverage (borrowing).

Clients also face the risk that securities that we choose for your portfolio may not perform as well as similar securities in the same industry or the stock/bond market in general. Different types of investments involve varying degrees of risk. Diversification and asset allocation do not guarantee profits or assure against loss. Past performance is never a guarantee of future results. No one should assume that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by the firm) will be profitable or equal any specific performance level(s).

Client Obligations. In performing our services, we are not required to verify any information received from the client or from the client's other professionals, and we are expressly authorized to rely on that information. It is the client's responsibility to notify us promptly of any change in the client's financial situation or investment objectives. If the client does not provide this notice or information, we will not be in a position to perform an accurate review, evaluation or revision of our previous recommendations and/or services.

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.



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Item 10 Other Financial Industry Activities and Affiliations

People who provide investment advice on behalf of Horizon are also registered representatives of PCS. Our employees who are registered representatives of PCS are permitted to place securities transactions for Horizon clients who maintain brokerage accounts through PCS. To the extent these individuals recommend brokerage transactions through PCS, they receive a percentage of the commission compensation paid to PCS on those transactions, including ongoing “trail” commissions. Clients should be aware that this dual relationship creates a conflict of interest. We place our client’s interest first as part of our fiduciary duty, and clients are under no obligation to execute trades through PCS or through our personnel in their capacities as registered representatives of PCS.

Some representatives of Horizon are also licensed as insurance agents to sell life, disability, and long-term care insurance products for various insurance companies, and are therefore able to purchase life, disability and long-term care insurance products for any of our clients in need of those products. As licensed insurance agents, they will receive commission compensation on purchases of insurance products. Clients are under no obligation to purchase life, disability and long-term care insurance products from our personnel.

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

We have adopted a Code of Ethics (the “Code”) in compliance with SEC rule 204A-1. The Code sets forth guidelines for professional conduct for all supervised persons of Horizon. Our goal is to protect our clients’ interests and to comply with our fiduciary duties of honesty, good faith, and fair dealing with our clients, while at the same time allowing our employees to invest for their own accounts.

The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other topics. All supervised persons must acknowledge the terms of the Code annually and as amended. As individuals, Horizon representatives are permitted to invest in the same securities that we recommend, buy or sell for client accounts. When they do, we require that all personal securities transactions be conducted in accordance with our Code, which is designed to assure that personal securities transactions, activities, and interests of firm personnel do not interfere with making decisions in the best interest of advisory clients and implementing these decisions while, at the same time, allowing employees to invest for their own accounts. The Code requires pre-clearance of many transactions and restricts certain trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. The firm regularly monitors employee trading to ensure that clients’ interests are protected in the event of any conflict of interest between Horizon employees and clients.



We will provide a copy of the Code to any client or prospective client upon request.

Item 12 Brokerage Practices

The Custodians And Brokers We Use

Horizon does not maintain actual custody of your assets, although we will be deemed to have custody of your assets if you give us authority to withdraw assets from your account. Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We generally recommend that our clients use TD Ameritrade, Inc., or Charles Schwab & Co., Inc., as qualified custodian. Charles Schwab & Co. acquired TD Ameritrade, Inc.; the two custodians are expected to be integrated in the autumn of 2023. The choice of another custodian must be mutually agreed upon by both you and us. If we do not mutually agree upon a custodian, then we cannot manage your account. (We refer to a qualified custodian as a “QC.”) Horizon is independently owned and operated and is not affiliated with any of these custodians.

Clients open their accounts by entering into an account agreement directly with the QC. We do not open the account for clients, although we generally assist clients in doing so. The QC will hold your assets in a brokerage account and buy and sell securities when we instruct them to. Even though your account is maintained at one of the QCs listed above, we are allowed to use other brokers to execute trades for your account as described below.

How We Select Brokers/Custodians

We have selected custodians/brokers who will hold your assets and execute transactions on terms that we believe are, overall, most advantageous when compared to other available providers and their services. We consider a wide range of factors, including, among others:

- Combination of transaction execution services and asset custody services (generally without a separate fee for custody)
- Availability of lowest cost share classes of mutual funds
- Capability to execute, clear, and settle trades (buy and sell securities for your account)
- Capability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- Breadth of available investment products (stocks, bonds, mutual funds, exchange-traded funds (“ETFs”), etc.)
- Availability of investment research and tools that assist us in making investment decisions
- Quality of services
- Competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate the prices
- Reputation, financial strength, and stability
- Prior service to us and our other clients
- Availability of other products and services that benefit us, as discussed below

Your Brokerage and Custody Costs



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The QC generally charges for its custody services either by charging you commissions or other fees on trades that it executes or that settle into your QC account, by accepting payment for order flow or rebates from the venues to which securities orders are routed, or by charging an asset-based fee.

In addition, a QC charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your QC account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, to minimize your trading costs, we execute your trades at your QC. We have determined that having the QC execute most trades is consistent with our duty to seek “best execution” of your trades. Best execution means the most favorable terms for a transaction based on all relevant factors, including those listed above.

Products and Services Available to Us From QCs.

QCs provide us and our clients with access to institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to retail customers. QCs also make available various support services. Some of those services help us manage or administer our clients’ accounts, while others help us manage and grow our business. QCs’ support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us. A detailed description of QCs’ support services is included below.

Services That Benefit You. Institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. The services described in this paragraph generally benefit you and your account.

Services That Do Not Directly Benefit You. Other products and services are available to us that benefit us but do not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. This includes investment research that is both proprietary to the QC and that of third parties. We use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at the QC. In addition to investment research, the QC also makes available software and other technology that:

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

Services That Generally Benefit Only Us. QCs also offer other services intended to help us manage



and further develop our business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers

The QC provides some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. The QCs also discount or waive fees for some of these services or pay all or a part of a third party's fees. From time to time, each QC also provides us with other benefits, such as occasional business entertainment of our personnel.

Our Interest in a QC's Services. The availability of these services benefits us because we do not have to produce or purchase them. We don't have to pay for services so long as our clients collectively keep a minimum dollar amount of their assets in accounts at the QC. That minimum dollar amount varies with each QC. Beyond that, these services are not contingent upon our committing any specific amount of business to a QC in trading commissions or assets in custody. The applicable minimum gives us an incentive to recommend that you maintain your account with a particular QC, based on our interest in receiving services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. These are potential conflicts of interest. We believe, however, that our selection of the QCs listed above as custodians and brokers is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of services and not by the services that benefit only us.

Trade Errors

If we make a trade error and the trade error occurs in a client account, we will correct the error so the client's account does not suffer a loss. The client is generally not permitted to profit from the error, even if the correction results in a profit. For example, certain custodians keep all trade profits on an error regardless of how the error was caused.

Block Trading and Trade Allocations

When placing trades in the same security for multiple clients, some investment advisers "bunch," or aggregate, all client orders in that security into one transaction, and then allocate the order based on pre-determined (usually pro-rata) allocation. This ensures no client transaction is favored over another, as all transactions are executed at the same price. If the firm buys or sells exchange traded securities (as opposed to funds), the firm may "aggregate" or "block" purchases or sales of the same security for multiple accounts. Each account participating in the block will receive the average price if multiple executions are required to complete the order. The firm may block multiple client accounts together that qualify for prime brokerage trading activity. Participating clients will receive the average execution price and their pro rata share of transaction costs.



Directed Brokerage

In directing Horizon to use a specific custodian and/or broker/dealer (other than those recommended by us) clients should understand that we will not have the authority to negotiate commissions among various custodians or obtain volume discounts. This could also affect our ability to achieve best execution.

Item 13 Review of Accounts

Each client is offered at least an annual account review of the client's portfolio. Additional reviews can be triggered by client request, by specific client needs, by material market, economic or political events, or by changes in the client's financial situation (such as retirement, termination of employment, inheritance, etc.).

Each QC provides clients with written trade confirmations and monthly or quarterly account statements. In addition, clients are provided with portfolio and holdings reports and analyses during review meetings, and clients may elect to receive online access to portfolio reports and account information. Clients are urged to compare any reports provided by us to those received from the qualified custodian and report any unexplained differences to the firm and/or the qualified custodian, as appropriate, immediately.

Item 14 Client Referrals and Other Compensation

We receive an economic benefit from QCs in the form of support products and services made available to us and to other independent investment advisors whose clients maintain accounts with the QC. These products and services, how they benefit us, and the related conflicts of interest, are described in Item 12, above. The availability to us of products and services is not based on our giving particular investment advice, such as buying particular securities, for our clients.

Additionally, discussed above, representatives of Horizon are also licensed insurance agents, and/or registered representatives of PCS. In their capacities as insurance agents or registered representatives, these individuals are paid separately for insurance sales and brokerage activities. For more information on the conflicts of interest this presents, and how we address these conflicts, refer to the *Fees and Compensation* section.

The firm has an arrangement whereby it compensates a person who is not our supervised person for client referrals. The referring person receives a percentage of the advisory fees we charge the clients who engage us after referral by the referring person. This referral fee is not passed on to the client; the client pays us the same fee as the client would have paid without any referral.

Item 15 Custody

Under government regulations, we are deemed to have custody of your assets if, for example, you authorize us to instruct a QC to deduct our advisory fees directly from your account or if you grant



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us authority to move your money to another person's account. The QC maintains actual custody of your assets. You will receive account statements directly from the QC at least quarterly. They will be sent to the email or postal mailing address you provided to the QC. You should carefully review those statements promptly when you receive them.

Clients are urged to compare any portfolio statement or report received from us with the account statements issued by the custodian and to report any discrepancy to us and to the custodian. The custodian statements are the official records of clients' accounts.

Item 16 Investment Discretion

We offer investment advisory services only on a discretionary basis. We obtain written authorization from the client to select the identity, amount, and timing of securities to be bought or sold. The client's written authorization is in the advisory agreement with the firm.

Item 17 Voting Client Securities

We do not vote, or advise clients on how to vote, proxies for securities held in client accounts. The client maintains the authority and responsibility for voting proxies, as provided in the advisory agreement. Clients are permitted to contact us if they have questions about a particular solicitation.

If the QC's account documents state that the firm will vote proxies on behalf of clients, without offering any way to elect otherwise, we will forward all proxy-related documents to the client or a third party designated by the client. We will take no action relating to the proxy solicitation other than forwarding the materials to the client.

Item 18 Financial Information

This Item requires certain disclosures if the firm requires certain advance payments or has been the subject of a bankruptcy petition. The firm has no disclosures in response to this Item.