

**ADV PT. 2A – Firm Brochure (Disclosure Statement)**

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DBA Harbor Wealth Management  
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Welcome to Harbor Financial Group, Inc., DBA Harbor Wealth Management. This Brochure provides information about the qualifications and business practices of Harbor Financial Group, Inc., DBA Harbor Wealth Management [“Harbor”]. 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. If you have any questions about the contents of this Brochure, please contact us at [www.harbor-wealthmanagement.com](http://www.harbor-wealthmanagement.com) or 303-939-8788.

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

Additional information about Harbor is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2 – Summary of Material Changes**

Since the annual update filed on March 29, 2019, Harbor has not had any material changes to report.

Our Brochure provides information about the qualifications and business practices of Harbor and may be requested by contacting our office. If you have any questions about the contents of the Brochure, please contact us at [www.harbor-wealthmanagement.com](http://www.harbor-wealthmanagement.com) or 303-939-8788. The information in the Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Harbor is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any persons affiliated with Harbor who are registered, or are required to be registered, as investment adviser representatives of Harbor.

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## **Item 4 – Advisory Business**

### ***About the firm***

Harbor Financial Group, Inc., DBA Harbor Wealth Management (“Harbor”) is a U.S. Securities and Exchange (“SEC”) registered investment adviser. We are an independent advisory firm, offering investment advisory and financial planning services to include high net worth individuals, business owners, young professionals and planning-only engagements. Elyse D. Foster, CFP® is the principal owner of Harbor, which began operations in 1988. Harbor’s Regulatory Assets Under Management (“RAUM”) as of December 31, 2019 was \$227,426,600. Of this amount, \$222,205,600 were discretionary assets and \$5,221,000 were non-discretionary.

### ***Harbor’s Advisory Services***

Harbor offers investment supervisory services based on the specific financial and personal needs of its clients. Harbor and the client shall agree upon the terms in writing and sign an Investment Advisory Agreement before services are performed.

Harbor offers financial plans to clients encompassing, but not limited to, the following:

- Personal Financial Planning
- Investment Management
- Performance Reporting
- Insurance Analysis and Planning
- Estate Planning
- Tax & Cash Flow
- Retirement Planning
- Investment Analysis and Planning
- Education Planning
- Divorce Planning

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

Financial planning information will be obtained through personal interviews with the client concerning current financial status, future goals and attitudes toward risk. During the initial consultation with a new client, Harbor will determine the specifics of the client's financial condition, including income, obligations, assets, investments and insurance, and the specifics of the client's personal situation, including his/her family obligations and his/her investment objectives. Harbor will then prepare a current and projected financial status report for the client based on this information. If contracted for, the report will show the client's cash flow at appropriate intervals, rate of return on investments, and tax consequences. Advice will be in the areas of utilizing the client's excess cash flow to conserve current assets and to accumulate additional assets to meet the client's goals and objectives. This initial report will then be discussed and analyzed with the client. Should the client opt for investment management, he/she will sign a separate agreement for these services. Harbor will then render investment advice to the client. Investment advice is not included in the plan unless contracted for, as referenced in the next section.

On an annual basis at the option of the client, this report will be updated based upon new financial information provided by the client and, if applicable, upon information developed by Harbor as a result of monitoring the client's investments. After the preparation of each annual report for a client, Harbor will again consult with and render advice to the client as described above.

### ***Investment Management Services***

Should the client contract with Harbor to manage his/her assets, Harbor will advise the client with respect to the various types of financial products and investments available to the client. These products and investments will be primarily provided through Schwab Institutional® Enterprise (Schwab), a division of Charles Schwab, member SIPC, although accounts outside of Schwab may be included. Appropriate disclosure of compensation payable to Schwab will be made in written documents provided by the Harbor to the client.

Harbor also intends to provide investment advice with respect to other types of investment programs which involve the flow through of tax consequences directly to the investor and/or cash distributions directly to the investor without double taxation. Examples include real estate and natural gas investments.

The investment strategies, which will be generally recommended by Harbor, will involve (1) long-term investments for the purpose of conserving existing assets and (2) obtaining maximum cash return on investments without engaging in unreasonable speculation.

Harbor provides asset management that includes an initial consultation and determination of the client's investment objectives. Based on the consultation, the RIA manages the client's account by purchasing and/or selling securities in the account. The adviser discusses with the client, at least once a year, whether the management of the account continues to reflect the investment objectives of the client.

Harbor's Investment Committee provides continuous and regular investment advisory services to clients in connection with establishing and monitoring of client investment objectives, risk tolerance, asset allocation goals and time horizon. In addition, the Investment Committee may provide the client with information and research about investment products and strategies, and review portfolio performance reports. The client has the opportunity to place reasonable restrictions or constraints on the way the account is

managed. However, such restrictions may affect the composition and performance of the portfolio. For these reasons and others (e.g., timing of contributions, withdrawals, tax minimization, etc.), performance of the portfolio may not be identical to the average client of Harbor.

Harbor offers investment supervisory services primarily through “Adviser Managed Fee Based Accounts” and “Third Party Managed Accounts”, which include private managed accounts. Trades are generally cleared through Charles Schwab and Company (“Schwab”), pursuant to our clearing agreement with Schwab.

The services that we provide under some or all of these investment options may be available from other providers for lesser fees. In addition, clients may buy securities (e.g., mutual funds, exchange-traded funds, etc.) outside of our investment programs without incurring fees through our program.

Harbor reserves the right to bill the client for any reasonable travel expenses by Harbor representatives outside of the Denver, Colorado metropolitan area for travel at the client’s request.

#### **Item 5 – Fees and Compensation**

Harbor is a Fee Only firm, only accepting compensation from assets under management and planning fees as outlined below. Generally, fees for investment management of accounts are based on a percentage of the market value of assets under management including cash. The Management Fee compensates our staff for asset management services, investment advice and recommendations provided. Clients pay fees for two services: a combination of fees paid for the investment management of assets and a consultation fee for financial planning services as explained in the Financial Planning and Related Consulting Services in section Item 4 – Advisory Business.

#### ***Hourly, Retainer and Flat Fees***

Harbor will charge fees in one of three ways at the option of the client. First, Harbor may charge fees at hourly rates. These rates will vary depending on the type of work is done. The hourly rates will be as follows:

Senior Planner	\$400
Planner	\$200
Financial Analyst	\$180
Paraplanner	\$120
Administrative	\$ 85

The client will be billed at the end of each month for the services performed.

Second, Harbor may charge fees on a retainer fee determined by the complexity of the financial plan itself, including, but not limited to, the amount of assets and method of ownership, and an estimated time necessary for meetings, analysis, creation of the plan document and coordination with other advisers.

The fee will be charged for preparation of the annual report and consultations between the applicant and client and must be paid one-half prior to the preparation of the annual report and the other half upon delivery of the annual report to the client. The annual report will be prepared and delivered, and such consultations will occur in all instances within six months of the payment of the first half of the fee. The fee for the financial planning report is fully refundable if the client terminates the investment advisory agreement within 5 business days after execution. The fee for the financial planning report is also fully refundable if the report is not prepared or if such consultations do not occur within six months after payment of such fee to the applicant. One-half of the fee is refundable if the client is not satisfied with the contents of the report. These fees are not negotiable.

The fee for subsequent annual updates of the report will be charged as per a combination of the actual time used and anticipated time necessary for the new plan preparation.

Third, Harbor may charge a flat fee based on estimated hourly time related to financial planning and fees calculated on assets under management. The fee may be subject to an annual cap. Payment of the fee is due in full prior to the commencement of the preparation of the report. The report is expected to be delivered within 6 months of the full payment. Should that not occur, assuming all requests for client information are met in a timely manner, all monies paid to the applicant for the annual report will be refunded. The fee is also fully refundable if the client terminates the investment advisory agreement within 5 business days after execution. If the client terminates this agreement after 5 business days but within 6 months of its execution, such fee is not refundable.

Harbor also offers a payment option in the form of a subscription fee, which may be appropriate for clients with an on-going monthly need for financial planning services. Additional hourly fees may be incurred for projects requested by the client that are outside the scope of the original agreement. A written proposal and separate agreement are prepared for such engagements.

### ***Fee-Based Adviser Managed Accounts***

Harbor offers various investment models to meet our clients' investment needs and preferences based on our consultations with our clients.

Assets managed by Harbor or firms recommended by Harbor may be charged a fee for the management of these assets. Customarily, the fee is debited from the account quarterly. However, Harbor offers the option for a client to pay the fees with funds directly outside of their assets under management accounts. In either situation, the fee is calculated using a tiered method, as detailed below.

The tiered fee-based accounts are suitable for clients of any account size. The fee account schedule is as follows:

<u>Portfolio Fee Tiers</u>	<u>Fee for assets in this tier</u>
\$ 0 – 250,000	1.25%
\$ 250,000 – 500,000	1.00%
\$ 500,000 – 1,000,000	0.67%
\$ 1,000,000 – 2,500,000	0.64%
\$ 2,500,000 – 5,000,000	0.45%
\$ 5,000,000 – 10,000,000	0.33%
\$ 10,000,000 and up	negotiable

#### Examples:

\$500,000 portfolio – Effective fee of 1.125%

\$1,000,000 portfolio – Effective fee of 0.8975%

\$2,500,000 portfolio – Effective fee of 0.743%

Although the fees listed above are standard fees, they may in some circumstances be negotiable according to a variety of factors, such as size and type of account, complexity, etc. Harbor may elect to charge an annual minimum fee per year. This minimum fee is based on a sliding scale of assets under management fee (see below) and financial planning fees (see above).

The account fee is payable quarterly in advance. Harbor and the client will agree upon the actual annual fee, which will be stated in the Advisory Agreement. The first full quarter is charged during the first month of the quarter based on the average daily balance of the Account during the prior partial quarter. Going forward, all quarterly fees will be charged in advance during the first month of the quarter and will be based on the average daily balance of the prior quarter.

If a Fee Account is opened in the first or second month of a quarter, it will be charged two fees during its first billing cycle, which will occur during the first full month after the Fee Account is established. The first fee is prorated for the number of days the account was open in its initial month. The second fee will reflect charges for the remaining month(s) in the current quarter. The fees will be based on the average daily balance of the account during the first partial month. If an account is opened in the third month of a quarter, it will be charged for its first partial month during the following first full month. The fee will be based on the average daily balance of the account during its first partial month. Additional deposits of funds and/or securities will be subjected to the same billing procedures.

The client may also incur certain charges imposed by third parties in connection with investments made through the Fee Account. These charges, including, but not limited to, certain deferred sales charges on previously purchased mutual funds. These fees will be disclosed in the fund's prospectuses provided to the client by third parties. It is not Harbor's policy to invest in funds that incur these types of fees; however in certain circumstances, they may apply.

The advisory fee represents compensation to the financial adviser for asset management, investment advice and services provided. Schwab does not share in this fee. In addition to the advisory fee, the accounts are assessed a transaction charge by Schwab to help defray the costs associated with trade execution. These transaction charges may be higher or lower than transaction charges or commissions the client may pay at other institutions. The financial adviser does not receive a portion of these charges. The transaction schedule is stated below.

### ***Fee Account Transaction Charges (paid by client to parties other than Harbor)***

#### *Equities (Stocks)*

Schwab does not charge a transaction fee on electronic equity trades.

Fixed Income (bonds)

Fee schedule for fixed income investments purchased through Schwab:

	Broker Assisted Trades	Electronic Trades
New Issues, including Certificates of Deposit	Selling concession is included in original offering price	Selling concession is included in original offering price
Treasury Auctions	\$25 per trade	\$0 per trade
Secondary Treasury – Bills, Notes, Bonds and TIPS	\$25 per trade	\$0 per trade
Agencies	\$0.24 per bond (\$10 min, \$275 max)	\$0.20 per bond (\$10 min, \$250 max)
Corporate Bonds in which Schwab acts as principal or agent; Municipal Bonds; Other - Secondary traded CDs, zero coupon Treasury Bonds, STRIPS and Mortgage Backed Securities	\$1.20 per bond (\$10 min, \$275 max)	\$1.00 per bond (\$10 min, \$250 max)

Generally speaking, commissions are based on Schwab’s standard fee and commission schedule and are disclosed on the trade confirmation. Schwab reserves the right to act as principal on any Bond transaction. In secondary market principal transactions, the price will include a mark up in the case of purchases and a mark down in the case of sales and also may include a profit or loss to Schwab. Schwab will not act as both principal and agent simultaneously in the same transaction.

When new issue Bonds in the System are purchased, Schwab receives a placement fee or selling concession for providing distribution and operational services, which ranges from less than 0.01% to 2% of the par value, or face value, of the bond, depending on the product. The percentage rate of the selling concession may differ not only between different new issue offerings, but also between different series and bond maturities within a single offering.

On mutual fund transactions, the maximum fee is a flat \$30 per ticket. An extra fee of \$49.95 is charged for short-term redemptions. Some funds may also charge a short-term redemption fee. Harbor’s agreement with Schwab allows us to purchase mutual funds without loads. However, all mutual funds deduct asset management fees which are included in the pricing of the mutual fund. These fees vary by fund.

Other fees charge by Schwab include the following:

- Prime Broker/Tradeaway: \$25.00
- Wires: \$25.00
- Options: \$0.65 per contract
- TOA Out Fees: \$50 per account for full transfer

Clients with separately managed accounts through Schwab Managed Accounts pay a platform fee which provides access to various investment programs, a management fee payable to the manager and Harbor’s fee, which is calculated on the client’s total assets under management with Harbor. Clients with accounts managed by Harbor but held in trust with BOK Financial pay a fee to administer the trusts in addition to Harbor’s fee. Similar fees may also apply to investments in hedge funds or other fee-based investment vehicles. The total fee is disclosed in writing prior to investment.

Available Products

<u>Equities</u>	<u>Fixed-Income</u>	<u>Mutual Funds</u>
Listed/OTC	Corporate Bonds	Load
Preferred	Governments	No-load
ADRs	Mortgage-backed	Load-Waived
Foreign stocks	Unit Trusts	Money Market
Closed-end funds	Certificates of Deposit	
REITS	Municipal Bonds	
Options	Money Markets	

**Alternative assets (Hedge Funds, LP, LLC, Private Placement, etc.):**

For custody of alternative investments, clients will be charged \$250 annual fee per position, \$500 maximum per account. There are no transaction fees.

If the alternative asset is a Schwab OneSource fund, there are no transaction or maintenance fees.

Harbor and its Investment Committee will make every attempt to seek to obtain the best execution possible. The account fee represents compensation to Harbor for asset management and investment advice provided. The transaction charges represent the

brokerage component of compensation paid by the client for the Fee Account and may be higher or lower than commissions otherwise payable in the absence of the account fee.

Advisory fees can be discounted from the maximum fees. The amount of the discount is based on numerous criteria. The fees are payable quarterly in advance and automatically deducted from the account pursuant to the advisory agreement. Advisory fees will be taken first from free credit balances or from the liquidation of the client's shares of any money market funds or balances. The first advisory fee is due upon execution of the Account Investment Advisory Agreement. Fees are based on the average daily balance in the account as determined by Harbor. The advisory fee does not cover charges that may be imposed by third parties such as contingent deferred sales charges on mutual funds, SEC fees, custodial fees, debit balances or postage/handling fees. If such assets are insufficient to satisfy payment of such fees, a portion of the account assets will be liquidated to cover the fees. Such liquidation may affect the relative balance of the account.

The advisory agreement may be terminated by either party at any time by written notice. The client may terminate the advisory agreement without penalty within (5) business days from the date of signing. If the agreement is terminated after 5 business days of its signing, the client will be entitled to a pro rata refund of any prepaid quarterly fee based upon the number of days remaining in the quarter after termination date. Termination of the agreement does not affect liabilities of obligations incurred or arising from transactions initiated under the agreement before such termination.

Harbor provides applicable disclosure brochure(s) or Form ADV Part 2 to clients and prospective clients more than 48 hours prior to entering into an advisory contract. In the event the disclosure brochure is not delivered until entry into the contract, the client may terminate the contract with no penalty within five business days after entering the contract.

Upon termination, Schwab will deliver securities and funds held in the account as instructed by the client, unless the client requests that the account be liquidated. Upon termination, it is the client's responsibility to monitor his/her assets and neither Schwab nor the RIA has any further obligation to act or advise with respect to those assets. Once the advisory agreement has been terminated, transactions are processed at prevailing brokerage rates.

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

Our firm does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of assets of a client).

#### **Item 7 – Types of Clients**

Our firm provides portfolio management services mostly to individuals (other than high net worth) and high net worth individuals. However, we also provide advisory services for corporations, pension and profit-sharing plans. Harbor generally does not impose any requirements for opening or maintaining an account, such as minimum account size. However, certain third-party programs and/or portfolio managers may have minimum account size requirements, as set forth in the applicable disclosure brochure.

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

Harbor's philosophy regarding the investment process is one of value orientation, emphasizing our dedication to capital preservation and appreciation. We believe that a thoroughly researched portfolio of diversified investments, keeping the long-term ownership of these holdings in mind, produces the best fit with our clients. Expanding on this, true diversification goes beyond the typical blended equity and fixed income portfolio. We have therefore successfully utilized alternative investments as a component of our portfolios since the firm's inception and we have always recognized the global nature of the economy with significant international holdings. We also believe that investments should be chosen and managed economically for the greatest ultimate benefit. We take our fiduciary responsibility seriously. If a decision is best for a client, then it is best for Harbor and not vice versa.

Our investment strategy boils down to a core and satellite structure for our portfolios. Inside this structure, we winnow the broad investment universe down to a recommended group for each relevant asset class/sector based on our screening process. This group serves as the foundation for the actual construction of our different model portfolios, which in turn function as the templates for our client portfolios. Naturally, there are subtle adjustments for each client portfolio based on specific needs and constraints. The portfolio is dynamic as we continually monitor the market environment and make adjustments as appropriate.

#### ***Investor Profile Questionnaire***

Harbor consults with the client to obtain investment objective information and other pertinent data on an Investor Profile Questionnaire or new account form to enable the client to determine the most appropriate investment guidelines, risk tolerance and other factors that we will use to assist in selecting a suitable investment portfolio. Harbor also incorporates Riskalyze into a client's risk assessment. Riskalyze is a third-party software that provides another view of a client's risk tolerance.

#### ***Investment Selection and Portfolio Management***

Harbor diversifies and manages the client's portfolio. Investments and allocations are determined based upon the client's pre-defined investment objectives, risk tolerance, time horizon, financial information, and other various suitability factors that are determined. The investment adviser representative will manage the client's accounts on an individualized basis. Further restrictions and guidelines

imposed by clients may affect the composition and performance of a client's portfolio. For these reasons, performance of the portfolio will not be identical with the average client of the investment adviser representative.

Please be aware that investing in securities involves risk of loss that the client 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 the client's financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Harbor uses a variety of investments for client portfolio allocations, each of which has a variety of risks. Please consult the relevant security prospectuses for more information on these specific risks. We are available for questions.

Our firm uses third party vendors that provide programs or software to assist in analyzing individual securities. We also use third party vendors that provide support services in portfolio design and strategy implementation in addition to tools and screening procedures developed internally at Harbor.

#### ***Performance Evaluation and Monitoring Services***

Harbor monitors accounts based on information outlined in the client's profile questionnaire and IPS. Harbor furnishes quarterly performance reports to its clients on those accounts that are custodied at Charles Schwab and BOK Financial. All of Harbor's reports inform the client as to how investments have performed during the selected period. The client will also receive account statements from Charles Schwab and BOK Financial.

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

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the adviser or the integrity of his or her management. Neither of Harbor's principals, Elyse D. Foster and Megan F. Miller, nor other advisory affiliates, have been subject in the past or currently to disciplinary events.

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

None.

#### **Item 11 – Code of Ethics**

Our firm has adopted a Code of Ethics for all personnel of the firm describing our high standard of business conduct, and fiduciary duty to our clients. All personnel must acknowledge the terms of the Code of Ethics and personal securities transactions and holdings annually, or as amended.

Our Code of Ethics rules are designed to ensure that our personnel:

- i) observe applicable legal (including compliance with applicable state and federal securities laws) and ethical standards in the performance of their duties;
- ii) at all times place the interests of our clients first;
- iii) disclose all actual or potential conflicts;
- iv) adhere to the highest standards of loyalty, candor and care in all matters relating to our clients;
- v) conduct all personal trading consistent with the rules and in such a manner as to avoid any actual or potential conflict of interest or any abuse of their position of trust and responsibility; and
- vi) not use any material non-public information in securities trading.

The Code of Ethics also establish policies regarding other matters such as outside employment, the giving or receiving of gifts and safeguarding portfolio holdings information. Under the general prohibitions of these rules, our personnel may not:

- i) effect securities transactions while in the possession of material, non-public information;
- ii) disclose such information to others;
- iii) participate in fraudulent conduct involving securities held or to be acquired by any client; and
- iv) engage in frequent trading activities that create or may create a conflict of interest, limit their ability to perform their job duties, or violate any provision of these rules.

Our personnel are required to conduct their personal investment activities in a manner that is not detrimental to our advisory clients. They are not permitted to transact in securities except under circumstances specified in the Code of Ethics. However, as described below, there may be circumstances where our Investment Committee may buy or sell on behalf of their clients, securities of issuers or other investments in which they own securities or otherwise have an interest. The policy requires all authorized investment personnel (which include portfolio managers, research analyst and traders) to report all personal transactions in securities not otherwise exempt under the policy. All reportable transactions are reviewed for compliance with the Code of Ethics. The Ethics Rules are available to clients and prospective clients from our firm upon request.

Harbor's Investment Committee personnel may buy or sell for their own accounts, securities that are also held by their clients. Conversely, they may buy and sell securities for client accounts which they themselves may own. Such transactions are permitted if in compliance with our policy on personal securities transactions. Reports of personal transactions in securities by our Investment Adviser Representatives are reviewed by our firm's Chief Compliance Officer quarterly or more frequently if required.

From time to time, Harbor's Investment Committee personnel may make an error in submitting a trade order on a client's behalf. When this occurs, the investment personnel may place a correcting trade with the broker-dealer which has custody of the client's account. If an investment gain results from the correcting trade, the gain will remain in the account unless the same error involved other client account(s) that should have received the gain, or it is not permissible for the client to retain the gain, or we confer with the client and he or she decides to forego the gain (e.g., due to tax reasons). If the gain does not remain in the client's account, Schwab will donate the amount of any gain \$100 and over to charity. If a loss occurs greater than \$100, Harbor will pay for the loss. Schwab will maintain the loss or gain (if such gain is not retained in the client's account) if it is under \$100 to minimize and offset its administrative time and expense. Generally, if related trade errors result in both gains and losses in the client's account, they may be netted.

### **Item 12 – Brokerage Practices**

Harbor normally accepts limited trading authority from clients in order to implement its investment strategy. Types of securities as well as percentage size of transactions are specifically noted in the Investment Policy Statement (IPS).

Harbor recommends Schwab to clients who have or are utilizing our firm's advisory services. Our clients are free to implement advisory recommendations through any firm and are under no obligation to purchase or sell securities through Schwab. We do not warrant or represent that commissions for transactions implemented through our firm will be lower than commission available if the client were to use another brokerage firm. However, our belief is that the overall level of services and support provided to clients outweighs the potentially lower transaction cost available under other brokerage arrangements.

There may be several prices at which securities transactions are executed and the orders were entered as one order for all accounts. It is our practice to treat all subject accounts equally, averaging the execution prices of the related trades and applying the average price to each transaction and account. Allocations of batched trades also may be rounded up or rounded down to avoid odd lot or small holdings in any client account.

Our firm receives no products, research, or services (i.e. soft dollars) that it would consider a factor in utilizing a particular broker dealer. However, our firm does receive certain services and products, such as fundamental research reports, technical and portfolio analyses, pricing services, economic forecasting and general market information, historical database information and computer software that assist Harbor's investment management process, from our custodian, Schwab Institutional. We have selected Schwab Institutional for its ability to deliver quality execution and record keeping services. In choosing Schwab, we considered such factors as price, execution, capability, reliability, responsiveness, financial responsibility and the value of other products or services they provide. Of note, Schwab routes most orders through UBS Securities LLC. Schwab monitors the execution quality provided by UBS and we in turn monitor both Schwab and UBS on an annual basis. We handle orders with block trades whenever possible.

### **Item 13 – Review of Accounts**

Client accounts are reviewed periodically, or more frequently as agreed. Reviews of investment accounts look at portfolio consistency with regard to the client's risk tolerance, investment time horizon, performance objectives, and asset allocation instructions. Any third party money managers we recommend for advisory services provide regular quarterly account reports to both the client and Harbor. Reviews also consist of covering account holdings, transactions, charges and performance as provided on such statements and other account reports.

Clients who also receive financial planning advice are reviewed annually upon the renewal of their investment advisory contract. Specific analysis and advisory are reviewed and then chosen by the client which can include a retirement projection, cash flow analysis, estate planning and insurance overviews as well as other goals communicated by the client. In either type of review, accounts will also be reviewed upon notice of changes in a client's circumstances. Clients are advised that it remains their responsibility to advise Harbor in the event of any changes to their investment objectives and/or financial situation.

Accounts are reviewed by analyst when rebalancing the portfolios. In addition, our firm's compliance program includes the periodic review of a sample of customer accounts for consistency with a client's risk tolerance, investment time horizon, performance objectives, and asset allocation instructions. Our compliance department consists of two employees who assist in these reviews.

Clients are provided with monthly or quarterly account statements from the qualified custodian, depending on the activity in the account. Most accounts may be viewed virtually if the client establishes on-line access. Reports include details of client holdings, asset allocation, and other transaction information. Comparisons to market indices and account performance may be used to evaluate account performance during Harbor's review of client accounts.

Information in these account review reports may be provided by clients or third parties. Harbor does not independently verify information provided by a custodian, client, or third party, nor does Harbor guarantee the accuracy or validity of such information. Harbor is not liable in connection with its use of any information provided by a client, a custodian or other third-party in the account review reports.

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

Harbor does not pay outside parties for client referrals.

Harbor does not sell products that earn commissions, such as insurance and annuities. Furthermore, through our arrangement with Schwab, Harbor does not earn compensation in the form of front-end sales charges, redemption fees, or Rule 12b-1 fees.

#### **Item 15 – Custody**

Clients will receive at least quarterly statements from Schwab which holds and maintains our clients' investment assets. Most accounts opened with our firm will be custodied at Schwab. However, certain third party money managers may not clear through Schwab, but our policy is to not be the custodian of our clients' funds or securities. Harbor sends clients performance reports on their accounts. We strongly encourage our clients to compare the statements they receive from Schwab with those reports received from Harbor. The account statements received from Schwab are the official statement of the account. Any account information provided by Harbor is for informational purposes only.

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

The client may furnish Harbor or a third party money manager with limited discretionary authority to buy and sell securities when it is necessary to implement their investment strategy. Clients grant this discretion in the applicable advisory agreement as well as on the account application.

Our discretionary authority is transparent. Types of securities, as well as percentage allocation are noted in the Investment Policy Statement (IPS). In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client's account. Additionally, during any month that there is activity in the Fee Account, the client receives a monthly account statement from Schwab showing account activity as well as positions held in the account at month end. Additionally, the client receives a confirmation of each trade that occurs within the account.

#### **Item 17– Voting Client Securities**

As a matter of firm policy and practice, Harbor does not have any authority to and does not vote proxies on behalf of advisory clients. The client will retain the responsibility for receiving and voting proxies for any and all securities maintained in his or her portfolios.

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

Harbor's policy regarding prepayment of fees is as follows: No fee is collected more than 6 months in advance for advisory fees. Our firm has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

Harbor Financial Group, Inc.,  
DBA Harbor Wealth Management  
1909 26<sup>th</sup> Street, Suite 1A  
Boulder CO 80302

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[www.harbor-wealthmanagement.com](http://www.harbor-wealthmanagement.com)

**FORM ADV PT 2B**

Brochure Supplement: Elyse D. Foster, CFP<sup>®</sup>  
President and CEO

Dated: March 30, 2020

This brochure supplement provides information about Elyse D. Foster, CFP<sup>®</sup> that supplements the Harbor Financial Group, Inc., DBA Harbor Wealth Management (“Harbor”) brochure. You should have received a copy of that brochure. Please contact Karen A. Didde if you did not receive Harbor’s brochure or if you have any questions about the contents of this supplement.

## **Item 2: Educational Background and Business Experience**

Elyse D. Foster, CFP® was born in 1954. Elyse graduated with a Bachelor of Arts degree in Political Science at the University of Colorado. She entered the financial planning field in 1982, earning her CERTIFIED FINANCIAL PLANNER™ certification in 1984. The CFP® certification is recognized in the United States and a number of other countries for its high standard of professional education, stringent code of conduct and standards of practice, and ethical requirements that govern professional engagements with clients. In order to use the CFP® certification marks, Elyse has met rigorous professional requirements, which include passing the CFP® Certification Examination, having at least three years of full-time personal financial planning experience, completing 31 hours of continuing education every two years and adhering to the CFP Board's code of ethics and standards.

Elyse was Vice President and Director of Operations with a large financial planning firm and also worked in investment banking prior to forming Harbor Financial Group, Inc. in 1988. Her role includes client relationship management, strategic planning, and investment direction and selection for the firm. Elyse is also Harbor's Chief Compliance Officer (CCO). Elyse's 30 plus years of experience in financial markets helps her to integrate world political and economic events into investment and planning advisory.

Elyse is a member of the Planners' Round Table where all planning personnel meet regularly to discuss planning policies and procedures. She is also a member of the Investment Committee, which sets the investment protocol for client portfolios. The Investment Committee meets at least once a month to review portfolios and recommend changes to investments or allocations as necessary.

## **Item 3: Disciplinary Information**

Elyse D. Foster has had no legal or disciplinary events to disclose.

## **Item 4: Other Business Activities**

Elyse D. Foster is not engaged in any investment-related business or occupation for compensation outside of Harbor.

## **Item 5: Additional Compensation**

Elyse D. Foster does not receive any additional compensation beyond her compensation at Harbor.

## **Item 6: Supervision**

Elyse D. Foster is the Chief Compliance Officer and a member of the Investment Committee. Her advisory activities are governed by Harbor's Code of Ethics in its Compliance Manual which complies with the policies and procedures required in the Investment Adviser's Act.

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**FORM ADV PT 2B**

Brochure Supplement: Megan F. Miller, CDFIA<sup>®</sup>, CFP<sup>®</sup>  
Vice President and Chief Investment Officer

Dated: March 30, 2020

This brochure supplement provides information about Megan F. Miller that supplements the Harbor Financial Group, Inc., DBA Harbor Wealth Management (“Harbor”) brochure. You should have received a copy of that brochure. Please contact Karen A. Didde if you did not receive Harbor’s brochure or if you have any questions about the contents of this supplement.

## **Item 2: Educational Background and Business Experience**

Megan F. Miller was born in 1988. She graduated with a Bachelor of Science degree in Finance from the University of San Diego. Before joining Harbor in 2012, she worked as a stock broker at Charles Schwab. Megan is the Vice President, Chief Investment Officer (CIO) and a Wealth Manager at Harbor. As the CIO, she is responsible for the direction of Harbor's investment policies and procedures. As a Wealth Manager, her duties include preparing financial plans and advising clients on various wealth management topics. Additionally, Megan is an owner of Harbor.

Megan is a Certified Divorce Financial Analyst® (CDFA®). The CDFA® designation is recognized for recipient's ability to properly assist clients and attorneys in evaluating assets and the future effect on a client's financial position. Megan has met testing requirements, has at least three years of experience in financial services and is required to complete 15 hours of continuing education every two years.

Megan is a CERTIFIED FINANCIAL PLANNER™ professional. The CFP® certification is recognized in the United States and a number of other countries for its high standard of professional education, stringent code of conduct and standards of practice, and ethical requirements that govern professional engagements with clients. In order to use the CFP® certification marks, Megan has met rigorous professional requirements, which include passing the CFP® Certification Examination, having at least three years of full-time personal financial planning experience, completing 31 hours of continuing education every two years and adhering to the CFP Board's code of ethics and standards.

Megan is a member of the Planners' Round Table where all planning personnel meet regularly to discuss planning policies and procedures. Megan is also member of the Investment Committee, which sets the investment protocol for client portfolios. The Investment Committee meets at least once a month to review portfolios and recommend changes to investments or allocations as necessary.

## **Item 3: Disciplinary Information**

Megan F. Miller has had no legal or disciplinary events to disclose.

## **Item 4: Other Business Activities**

Megan F. Miller is not engaged in any investment-related business or occupation for compensation outside of Harbor.

## **Item 5: Additional Compensation**

Megan F. Miller does not receive any additional compensation beyond her compensation at Harbor.

## **Item 6: Supervision**

Elyse D. Foster is the person responsible for supervising Megan F. Miller. Elyse's phone number is 303-939-8788 and e-mail address is [elyse@harbor-wealthmanagement.com](mailto:elyse@harbor-wealthmanagement.com).

Questions about a client's specific situation relative to policies and procedures are addressed with Elyse. Additionally, Elyse monitors supervised persons' client communications and notes on an on-going basis.

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**FORM ADV PT 2B**

Brochure Supplement: Karen A. Didde, CFP<sup>®</sup>  
Wealth Manager

Dated: March 30, 2020

This brochure supplement provides information about Karen A. Didde, CFP<sup>®</sup> that supplements the Harbor Financial Group, Inc., DBA Harbor Wealth Management (“Harbor”) brochure. You should have received a copy of that brochure. Please contact Karen if you did not receive Harbor’s brochure or if you have any questions about the contents of this supplement.

## **Item 2: Educational Background and Business Experience**

Karen A. Didde, CFP® was born in 1960. She graduated with a Bachelor of Science degree in Finance at Kansas State University. Before joining Harbor in 2003, she held the position of Chief Financial Officer at an institutional investment company in Boulder and was a portfolio accountant at a prominent mutual fund company. Karen is a Wealth Manager at Harbor. She prepares financial plans and advises clients on various wealth management topics.

Karen is a CERTIFIED FINANCIAL PLANNER™ professional. The CFP® certification is recognized in the United States and a number of other countries for its high standard of professional education, stringent code of conduct and standards of practice, and ethical requirements that govern professional engagements with clients. In order to use the CFP® certification marks, Karen has met rigorous professional requirements, which include passing the CFP® Certification Examination, having at least three years of full-time personal financial planning experience, completing 31 hours of continuing education every two years and adhering to the CFP Board's code of ethics and standards.

Karen is also a member of the Planners' Round Table where all planning personnel meet regularly to discuss planning policies and procedures. She is also a compliance manager and a member of the Investment Committee, which sets the investment protocol for client portfolios. The Investment Committee meets at least once a month to review portfolios and recommend changes to investments or allocations as necessary.

## **Item 3: Disciplinary Information**

Karen A. Didde has had no legal or disciplinary events to disclose.

## **Item 4: Other Business Activities**

Karen A. Didde is not engaged in any investment-related business or occupation for compensation outside of Harbor.

## **Item 5: Additional Compensation**

Karen A. Didde does not receive any additional compensation beyond her compensation at Harbor.

## **Item 6: Supervision**

Elyse D. Foster is the person responsible for supervising Karen A. Didde. Elyse's phone number is 303-939-8788 and e-mail address is [elyse@harbor-wealthmanagement.com](mailto:elyse@harbor-wealthmanagement.com).

Questions about a client's specific situation relative to policies and procedures are addressed with Elyse. Additionally, Elyse monitors supervised persons' client communications and notes on an on-going basis.