

Item 1 – Cover Page

Harmonic Investment Advisors

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This brochure provides information about the qualifications and business practices of Harmonic Investment Advisors. If you have any questions about the contents of this brochure, please contact us at 208-921-8059 and/or Harmonicadvisors.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Harmonic Investment Advisors also is available on the SEC's website at www.adviserinfo.sec.gov CRD# 148950

Harmonic Investment Advisors 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. March 11, 2021

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 11, 2021 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Kevin A. Jones, Principal at 208-9218059 or Kevin@Harmonicadvisors.com.

On March 31, 2012 Kenn Lamson left the firm.

On March 31, 2012 Kevin A. Jones, CFA became the 100% owner of Harmonic Investment Advisors.

On June 4, 2013 Patrick K. Jones joined Harmonic as a Research Analyst.

On May 25, 2016 Patrick K. Jones departed the firm.

March 2021 Harmonic Investment Advisors has applied for investment advisor registration in the state of Washington.

Additional information about Harmonic Investment Advisors is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Harmonic Investment Advisors who are registered, or are required to be registered, as investment adviser representatives of Harmonic Investment Advisors.

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Item 4 – Advisory Business

Harmonic Investment Advisors (Harmonic) is an Idaho Sub Chapter S Corporation. The firm was founded November 4, 2008. Harmonic became a registered investment advisor in the State of Idaho in December 2008, and became registered in the State of Washington in 2021.. Kevin A. Jones owns 100% of the firm.

One hundred percent of Harmonic’s advisory fees come from managing advisory accounts.

Harmonic’s fees are .75% of the assets under management up to \$5 million in assets. Harmonic will provide discounts to some specific clients. Fees are billed in advance each quarter. Either party can terminate the agreement at will by US Mail, phone, or email. Accounts initiated during a calendar quarter will be charged a prorated fee based upon the number of remaining days in the quarter. In all instances, the Adviser will send the client a written invoice, including the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, the amount of assets under management on which the fee was based, and the name of the custodian(s). The Adviser will send these to the client concurrent with the request for payment or payment of the Adviser’s advisory fees. We urge the client to compare this information with the fees listed in the account statement. Unmanaged assets are excluded from management fee calculations.

Harmonic provides investment advisory services on a discretionary basis. Harmonic receives authority from the client at the time the contract is signed to exercise discretion with regard to the selection of securities, the amount thereof to be bought or sold, and the broker dealer to execute transactions. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

Harmonic will direct the purchase and/or sale of investments for the client’s account. Harmonic may from time to time execute “block trades” in which a large number of shares of a security are bought or sold across a number of client accounts simultaneously in order to attain the best possible execution price for the client. Harmonic may invest the client’s account in assets of any kind, including but not limited to, common or preferred stock, Exchange Traded Funds (ETF), warrants, rights, corporate, municipal or U.S. Treasury bonds or notes, and mortgage-backed securities, so long as such investments are consistent with the investment objectives as may be agreed to by the client and Harmonic from time to time. Harmonic may hold all or a portion of the client’s account in cash. Harmonic will provide assistance in the coordination of estate and tax planning with the client’s designated estate and/or tax advisors.

When selecting securities and determining amounts, Harmonic observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Harmonic’s authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

We manage portfolios with exposure to Stocks, Bonds, Real Estate, Commodities, and Cash. Harmonic's specialty is managing dedicated specific stock strategies. Unmanaged or static assets will not be included in the Advisor's management fee calculation.

Every portfolio is tailored to the needs of the client. We arrive at those needs through discussions with the client. An Investment Policy Statement (IPS) is developed identifying those needs. Information obtained from Clients in developing the IPS includes: The client's age, other investments, financial situation and needs, tax status, investment objectives, investment experience, investment time horizon, liquidity needs, risk tolerance, and any other information the client may disclose to the investment adviser in connection with such recommendation or investment advice. Clients may impose restrictions on the investments in the portfolio. These restrictions are listed in the IPS. Harmonic will make a reasonable effort annually to update client suitability information.

Harmonic does not participate in any "wrap fee" programs.

As of March 11, 2021, Harmonic managed \$15,908,388 in discretionary assets.

Item 5 – Fees and Compensation

One hundred percent of Harmonic's advisory fees come from managing advisory accounts.

Harmonic's fees are .75% of the assets under management as of the last day of the preceding quarter up to \$5 million in assets. Fees are negotiable for accounts greater than \$5 million in assets under management. For new accounts, fees will be prorated from the open date, to the end of the quarter. Harmonic will provide discounts to some specific clients such as Not For Profit organization. The specific manner in which fees are charged by Harmonic is established in a client's written agreement with Harmonic. Clients may elect to be billed directly or can authorize Harmonic to directly deduct fees from client accounts. For clients billed directly, acceptable form of payment is by check. Fees are billed in advance each quarter based upon the market value of managed assets on the last day of the preceding quarter. Either party can choose to terminate the agreement at any time by US Mail, Phone, or Email. A client may also terminate this agreement without penalty within five business days after entering into the contract if this brochure is not received within 48 hours prior to entering into the advisory agreement. Upon termination, Harmonic will refund fees pro rata for the remaining period in the quarter. Harmonic will also provide a refund invoice including: the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and the amount of assets under management on which the fee was based; also disclose that the refund will be based upon the number of days the account was open during the final billing period.

Harmonic's fees do not include brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot

differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus.

Such charges, fees and commissions are exclusive of and in addition to Harmonic's fee, and Harmonic shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that Harmonic considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

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

Item 7 – Types of Clients

Harmonic generally provides advisory services to Individuals, Pension and Profit Sharing Plans, Trusts, Estates, Charitable Organizations, and Corporations or Business Entities. Some strategies have a required minimum account value. Reference item 8 for information about account minimums.

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

Harmonic manages a number of different investment strategies. Each strategy addresses different client needs.

Fully Diversified Strategy

The Fully Diversified Strategy addresses the needs of clients who require asset allocation in addition to active management of securities in the portfolio. Harmonic and the client establish an investment policy statement that places the account in one of six investment objectives. Unmanaged or static assets will not be included in the Advisor's management fee calculation. The long-term ("strategic") weightings of growth assets (stocks and commodities) and income assets (bonds and real estate securities) in those investment objectives are: 100%/0%, 80%/ 20%, 60%/40%, 40%/60%, 20%/80%, and 0%/100%.

Harmonic uses Exchange Traded Funds (ETF) and individual securities in managing client accounts. The accounts that hold both growth and income assets will be invested in five different asset classes; bonds, stocks, real estate, commodities, and cash. Harmonic will make small short-term adjustments to each asset class weighting that reflect Harmonic's near-term outlook on the markets; those adjustments range from 90%-110% of the long-term average (strategic) weight. Harmonic will also change the holdings within each asset class to reflect Harmonic's outlook on those specific securities.

Accounts that hold a Large Cap Value ETF with market value over \$100,000 may have the ETF replaced with Harmonic's Large Cap Value Strategy (described below). Accounts that hold a Small Cap Value ETF with a market value over \$100,000 may have the ETF replaced with Harmonic's Small Cap Value Equity Strategy (described below).

Harmonic's investment process is designed to minimize risk to the portfolios. However, investing in securities involves the risk of loss of capital. Clients are made aware of this fact and should be prepared to bear this risk.

Large Cap Value Equity Strategy

The Large Cap Value Equity Strategy addresses the needs of clients who want an individual investment manager for specific types of securities. The Large Value Strategy may be part of a larger diversified portfolio. Harmonic is often provided with an Investment Policy Statement by

the client. The goal of this strategy is to outperform the Russell 1000 Value Index over a market cycle. The minimum account size is \$100,000.

Harmonic utilizes two complementary processes to identify potential candidates for the portfolio. Both processes utilize a fundamental screen based upon EV/EBITDA, P/E, P/B, P/S, LTD/CAP, etc. Our top down approach is driven by sectors or industries being out of favor with investors. We will actively seek to identify candidates in those sectors where we feel there will be improvement in the economics. Second, we consistently screen the Russell 1000 based upon the aforementioned criteria. The goal is to start with a subset of 100-200 potential ideas. Individual company analysis is then performed on each company, including not only fundamental analysis, but also the Portfolio Manager's experience assessing valuation. Each company receives a two year price target as a result of the analysis. Typical expected return to the target is 20%. Portfolios will contain 25-40 individual names, and cash will remain below 20%. Cash levels are driven by the flow of ideas leaving the portfolio against that of new ideas that meet our criteria. Since portfolios are built on a name by name basis, sector weights will differ greatly at times from that of the index. Sell decisions are based upon appreciation to the two year target, discounted to the present. Additionally, if we perceive that the improvement in operations will not progress to our expectation, we will be a seller. In most cases we will scale into and out of positions in 2% increments. Turnover is expected to range 25%-40%.

Harmonic's investment process is designed to minimize risk to the portfolios. However, investing in securities involves the risk of loss of capital. Clients are made aware of this fact and should be prepared to bear this risk.

EV/EBITDA is the measure of a company's debt plus the market value of equity, divided by Earnings Before Interest, Taxes, Depreciation, and Amortization, and is used to value a company relative to the cash flow it generates.

P/E is a company's Stock price divided by the earnings per share. This measure is used as a means to value a company relative to its peers.

P/B is a company's stock price divided by its book value per share. Book value is a measure of a company's assets minus liabilities, and is utilized as a means to establish a value for the company.

P/S is a company's stock price divided by its sales per share, and it utilized as a measure of potential profitability of a company.

LTD/CAP is a company's amount of Long Term Debt divided by its capitalization. Capitalization is the sum of a company's debt plus equity. This measure is utilized as a means of establishing potential financial risk due to high debt levels.

Small Cap Value Equity Strategy

The Small Cap Value Equity Strategy addresses the needs of clients who want an individual investment manager for specific types of securities. The Small Value Strategy may be part of a larger diversified portfolio. Harmonic is often provided with an Investment Policy Statement by the client. The goal of this strategy is to outperform the Russell 2000 Value Index over a market cycle. The minimum account size is \$100,000.

Harmonic utilizes two complementary processes to identify potential candidates for the portfolio. Both processes utilize a fundamental screen based upon EV/EBITDA, P/E, P/B, P/S, LTD/CAP, etc. Our top down approach is driven by sectors or industries being out of favor with investors. We will actively seek to identify candidates in those sectors where we feel there will be improvement in the economics. Second, we consistently screen the Russell 2000 based upon the aforementioned criteria. The goal is to start with a subset of 100-200 potential ideas. Individual company analysis is then performed on each company, including not only fundamental analysis, but also the Portfolio Manager's experience assessing valuation. Each company receives a two year price target as a result of the analysis. Typical expected return to the target is 20%. Portfolios will contain 25-40 individual names, and cash will remain below 20%. Cash levels are driven by the flow of ideas leaving the portfolio against that of new ideas that meet our criteria. Since portfolios are built on a name by name basis, sector weights will differ greatly at times from that of the index. Sell decisions are based upon appreciation to the two year target, discounted to the present. Additionally, if we perceive that the improvement in operations will not progress to our expectation, we will be a seller. In most cases we will scale into and out of positions in 2% increments. Turnover is expected to range 25%-40%.

Harmonic's investment process is designed to minimize risk to the portfolios. However, investing in securities involves the risk of loss of capital. Clients are made aware of this fact and should be prepared to bear this risk

EV/EBITDA is the measure of a company's debt plus the market value of equity, divided by Earnings Before Interest, Taxes, Depreciation, and Amortization, and is used to value a company relative to the cash flow it generates.

P/E is a company's Stock price divided by the earnings per share. This measure is used as a means to value a company relative to its peers.

P/B is a company's stock price divided by its book value per share. Book value is a measure of a company's assets minus liabilities, and is utilized as a means to establish a value for the company.

P/S is a company's stock price divided by its sales per share, and it utilized as a measure of potential profitability of a company.

LTD/CAP is a company's amount of Long Term Debt divided by its capitalization. Capitalization is the sum of a company's debt plus equity. This measure is utilized as a means of establishing potential financial risk due to high debt levels.

Corporate Bond Strategy

The Corporate Bond Strategy addresses the needs of clients who desire an investment manager that applies a comprehensive strategy to the management of corporate bond portfolios. The Corporate Bond Strategy could be part of a larger diversified portfolio. The goal of this strategy is to generate total return higher than that of the Barclays 1-3 yr. Corporate Bond index.

The Investment Process begins with an analysis of the global economy, including a forecast of the direction and size of interest rate changes. This analysis is extended to a fundamental analysis of the 9 economic sectors. The relative and historical valuation of each sector is also considered.

Whenever possible we will use the fixed income securities of companies that we own in our equity strategies. When bonds of those companies are not available or attractive, fundamental research is conducted on each company in the same manner as our equity strategies.

Harmonic's investment process is designed to minimize risk to the portfolios. However, investing in securities involves the risk of loss of capital. Clients are made aware of this fact and should be prepared to bear this risk

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

None of Harmonic's representatives are involved in any outside business that would create a conflict of interest with Clients.

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

Harmonic has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Harmonic must acknowledge the terms of the Code of Ethics annually, or when it is amended.

Harmonic anticipates that, in appropriate circumstances, in accounts which Harmonic has management authority to purchase or sell securities in which Harmonic, its affiliates and/or clients, directly or indirectly, have a position of interest. Harmonic's employees and persons associated with Harmonic are required to follow Harmonic's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of Harmonic and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for Harmonic's clients. The Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of Harmonic will not interfere with (i) making decisions in the best interest of advisory clients, not limited to, a duty of care, loyalty, obedience, and utmost good faith, and (ii) implementing such decisions while. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of Harmonic's clients. In addition, the Code requires pre-clearance of many transactions and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics 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. Employee trading is continually monitored as required by the Code of Ethics. Harmonic does not buy or sell securities in client accounts in which Harmonic or any related person has a material financial interest. Harmonic or related persons do not trade ahead of client accounts.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Harmonic's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. Harmonic will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order.

Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is Harmonic's policy that the firm will not affect any principal or agency "cross" transactions for client accounts. Harmonic will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Harmonic's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Kevin A. Jones.

Item 12 – Brokerage Practices

Harmonic does not maintain custody of its clients' assets although we may be deemed to have custody of your assets if you give us authority to withdraw assets from your account (see *Item 15 – Custody*, below). Your assets must be maintained in an account at a “qualified custodian,” generally a broker/dealer or bank. We recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, as the qualified custodian. Although we recommend the use of Charles Schwab, clients are free to choose where to have their assets custodied. We are independently owned and operated and are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when we instruct them to. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and will open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you, although we may assist you in doing so. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account as described below

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that 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)
- 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

For our clients' accounts custodied at Schwab, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account.

In addition to commissions, Schwab 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 Schwab

account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most trades for your account. We have determined that having Schwab 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.

Schwab Advisor Services™ (formerly called Schwab Institutional®) is

Schwab’s business serving independent investment advisory firms like us.

They provide us and our clients with access to its institutional brokerage—trading, custody, reporting, and related services—many of which are not typically available to Schwab retail customers. Schwab also makes 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. Schwab’s support services generally are available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as our clients collectively maintain a total of at least \$10 million of their assets in accounts at Schwab. If our clients collectively have less than \$10 million in assets at Schwab, Schwab may charge us quarterly service fees of \$1,200. Following is a more detailed description of Schwab’s support services:

Schwab’s 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 through Schwab include some to which we might not otherwise have access or that would require a significantly higher minimum initial investment by our clients. Schwab’s services described in this paragraph generally benefit you and your account.

Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients’ accounts. They include investment research, both Schwab’s own and that of third parties. We may use this research to service all or a substantial number of our clients’ accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab 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. Schwab also offers 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

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as our clients collectively keep a total of at least \$10 million of their assets in accounts at Schwab. [Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab, based on our interest in receiving Schwab's 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. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. Our selection is primarily supported by the scope, quality, and price of Schwab's services. Charles Schwab does not provide client referrals to Harmonic.

Item 13 – Review of Accounts

Accounts are reviewed quarterly by Kevin A. Jones, CFA, CEO. Harmonic sends quarterly statements to clients detailing assets held in the account, performance, transactions, and fees paid.

Item 14 – Client Referrals and Other Compensation

Harmonic does not compensate any person or firm for client referrals. Harmonic does not receive any economic benefit from anyone outside of the firm. Harmonic will not receive any economic benefit for client referrals to third party investment advisors.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Harmonic urges you to carefully review such statements and compare such official custodial records to the account invoices and statements that we provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If the written billing information sent by the Advisor differs from the amount listed on the custodial statement, then the written billing information will explain this fact, the reason for the difference, and the amount the client owes to the Advisor. In all instances Harmonic will maintain records supporting statements sent to clients.

Item 16 – Investment Discretion

Harmonic receives authority from the client at the time the contract is signed to exercise discretion with regard to the selection of securities and the amount thereof to be bought or sold.

In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Harmonic observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Harmonic's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Item 17 – Voting Client Securities

Harmonic's clients elect (in their respective Investment Management Agreements) whether to delegate proxy-voting authority to Harmonic or to retain proxy-voting responsibility. Harmonic's Proxy Voting Committee, established by Harmonic's Board of Directors, makes voting decisions. The Chief Compliance Officer and the President are committee members.

Harmonic's Compliance Department is responsible for ensuring that these proxy voting procedures are followed and that all required proxy voting records are properly retained.

In general, Harmonic votes proxies based on Harmonic's analysis of the background information of each vote. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. However, Harmonic will consider both sides of each proxy issue. Consistent with Harmonic's commitment to the maximizing the financial gain of its clients, social considerations will not be considered absent contrary instructions by the client.

Harmonic is required to retain:

- Proxy voting policies and procedures;
- Proxy statements received regarding client securities;
- Records of each vote cast on behalf of clients;

- Records of each written client request for information on how Harmonic voted proxies on behalf of a client;
- Records of each written response by Harmonic to any written or oral client request for information on how Harmonic voted proxies on behalf of the requesting client; and
- Any documents created by Harmonic that are material to making a decision how to vote, or that memorialize the basis for a decision.

Harmonic maintains the following records from the above list:

- Proxy voting policy and procedures
- Written requests from clients
- Written responses to clients
- Decision-making documentation

On-site for a minimum of two years and either on- or off-site for a minimum of five years.

Disclosure to clients and prospective clients is made in Harmonic’s Investment Advisor Agreement. Clients must acknowledge receipt of Harmonic’s disclosure of these policies when signing their contract

Clients may obtain a copy of Harmonic’s complete proxy voting policies and procedures upon request. Clients may also obtain information from Harmonic about how Harmonic voted any proxies on behalf of their account(s).

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Harmonic’s financial condition. Harmonic 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. Harmonic does not require nor solicit prepayment of more than \$500 in fees per client, six months or more in advance.

Item 19 – Requirements for State Registered Advisers

Kevin A. Jones, CFA, Principal/Portfolio Manager. B.A. Business Economics/Finance
University of California Santa Barbara

2006-2008 Chief Investment Officer/Chief Operating Officer D.B. Fitzpatrick & Company

2008-Present Principal/Portfolio Manager Harmonic Investment Advisor

Kevin A Jones does not have any relationship or arrangement with any issuer of securities.

