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HFM Investment Advisors, Inc.

**Form ADV Part 2A – Firm Brochure**

302-234-9777

Dated January 18, 2018

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

This Brochure provides information about the qualifications and business practices of HFM Investment Advisors, Inc., “HFM”. If you have any questions about the contents of this Brochure, please contact us at 302-234-9777. 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.

HFM Investment Advisors, Inc. is registered as a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about HFM is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) which can be found using the firm’s identification number 115799.

# Item 2: Material Changes

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Since the last update of our Form ADV Part 2A, dated January 17, 2017, The following material change has occurred:

- Item 4 – We updated our assets under management and are now registered with the U.S. Securities and Exchange Commission.

Please note, this section is only discussing the material changes made to our Form ADV Part 2A.

# Item 3: Table of Contents

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# Item 4: Advisory Business

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## **Description of Advisory Firm**

HFM Investment Advisors, Inc. is registered as an Investment Adviser with the U.S. Securities and Exchange Commission. We were founded in April of 1986. Stephen L. Hyde is the President and Chief Compliance Officer of the firm and is principal owner of HFM.

HFM engages in discretionary management activities and provides ongoing continuing investment supervisory services. As of December 31, 2017, HFM manages \$361,000,000 on a discretionary basis and \$0.00 on a non-discretionary basis.

## **Types of Advisory Services**

### **Investment Management Services**

We offer investment management services by referring clients, where appropriate, to third-party money managers (“Outside Managers”) for portfolio management services. We assist clients in selecting an appropriate allocation model, completing the Outside Manager’s investor profile questionnaire, interacting with the Outside Manager and reviewing the Outside Manager. Our review process and analysis of outside managers is further discussed in Item 8 of this Form ADV Part 2A. Client may impose reasonable restrictions on their account. Additionally, we will meet with the client on a periodic basis to discuss changes in their personal or financial situation, suitability, and any new or revised restrictions to be applied to the account. Fees pertaining to this service are outlined in Item 5 of this brochure.

### **Financial Planning**

We provide financial planning services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, and estate and incapacity planning.

Financial planning is a comprehensive evaluation of a client’s current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

In general, the financial plan will address any or all of the following areas of concern. The client and advisor will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (i.e., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Insurance Review:** Review of existing policies to ensure proper coverage for life, health, and disability. If no coverage currently exists, we may analyze the risks associated with having no coverage and suggest that coverage be put in place.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement

goals.

- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- **Investment Analysis:** This may involve developing an asset allocation strategy to meet clients' financial goals and risk tolerance, providing information on investment vehicles and strategies, reviewing employee stock options, , as well as assisting you in establishing your own investment account at a selected broker/dealer or custodian. The strategies and types of investments we may recommend are further discussed in Item 8 of this brochure.

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## **Client Tailored Services and Client Imposed Restrictions**

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent on the initial fact-finding session we complete, which outlines each client's current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

### **Wrap Fee Programs**

We do not participate in wrap fee programs.

## **Item 5: Fees and Compensation**

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### **Financial Planning**

Financial Planning will generally be offered on a fixed fee basis. In special circumstances it may be offered on an hourly basis at a rate of \$200.00 per hour. Fixed fees will be determined on a case by case basis with the fee based on the complexity of the situation and the needs of the client. The fixed fee will be agreed upon before the start of any work. The fixed fee can range from \$ 750.00 to \$15,000.00. The fee is negotiable and may be paid by check. HFM often uses plans, reports, and proposals generated by Morningstar, Inc., and Financial Profiles. The fee charged for the services to be performed is based on the relative complexity of the Client's situation.

If the fixed fee payment option is chosen, the client will deposit one-half of the fee upon signing the Investment Advisory Agreement and the balance upon completion of the client's Financial Plan. No fee would ever in any circumstance be payable six months or more in advance. The client has five (5) working days after signing the Investment Advisory Agreement in which the deposit will be refunded in full and after which time the deposit will be considered applying to expenses and costs incurred in preparation of the Financial Plan. The contract may be terminated by the client in writing at any time. However, if it is terminated beyond the first five (5) working days, any unearned fees will be refunded to the Client.

If the hourly fee payment option is chosen, then the fee shall be payable in full upon completion of work product and billing. All fees are subject to negotiation on a case-by-case basis and may be paid by check.

## **Investment Management Services**

Our standard advisory fee is based on the market value of the assets under advisement and will range between 0.25% and 1.25%, depending on the situation, complexity, and services provided. The fee amount and services will be agreed to between HFM and the client in the advisory contract.

The annual fees are negotiable and are pro-rated and paid in arrears on a quarterly basis. The fee structure is subject to negotiation on a case-by-case basis. No increase in the annual fee shall be effective without agreement from the client by signing a new agreement or amendment to their current advisory agreement.

Advisory fees are directly debited from the client's account. Accounts initiated or terminated during a calendar quarter will be charged a pro-rated fee based on the amount of time remaining in the billing period. An account may be terminated with written notice at least 30 calendar days in advance. Since fees are paid in arrears, no rebate will be needed upon termination of the account.

## **Other Types of Fees and Expenses**

Our fees are exclusive of transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as 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 fund 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 our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client's transactions and determining the reasonableness of their compensation (e.g., commissions). We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

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We do not offer performance-based fees.



## Item 7: Types of Clients

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HFM Advises individuals, banks, pension plans, 401(k) plans, profit sharing plans, charitable organizations, trusts, estates, corporations and other business entities.

With respect to advisory clients that are accounts regulated under the Employee Retirement Income and Security Act (“ERISA”) or individual retirement accounts (“IRAs”), we provide general investment advice about the merits and risks of several investment alternatives. We have no discretionary authority or control, whatsoever, with respect to ERISA accounts. The named Plan fiduciary must make the investment decision about the purchase of any products based on his/her understanding of the Plan’s needs and objectives, and we are in no way responsible for any investment decisions. The Plan fiduciary is free to seek independent advice about the appropriateness of any investment for the Plan.

We do not have a minimum account size requirement.

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

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The method of securities analysis is fundamental analysis. This is merely employing the use of basic analysis of various companies, their financial statements and their potential for future success. There is no unusual risk inherent in the usage of fundamental analysis. Of all the methods of analysis of securities, we believe that there is the least amount of risk involved with fundamental analysis as it involves the analysis of a company’s financial statements in order to understand the financial health of the firms in which we may recommend investment.

HFM measures an investor’s goals, and time horizon through a client interview process to ascertain an investment strategy that is best suited to fit the client’s needs. HFM then designs an investment and risk management strategy to help the client achieve his or her financial goals. In developing a client specific investment strategy, a number of factors are taken into consideration. HFM views a client’s assets as a single integrated portfolio and, generally, recommends that the portfolio be diversified across several asset classes. Tax efficiency is important, but is not the sole consideration in developing a strategy. Attention to investment expenses and numerous other factors related to individual investment selection are also considered.

Investment strategies may include long-term and short-term purchases depending upon the individual needs of the client. The concept of asset allocation, or spreading investments among a number of asset classes (domestic stocks vs. foreign stocks; large cap stocks vs. small cap

stocks; corporate bonds vs. government securities), is a guiding principle when developing investment strategies. Asset allocation seeks to achieve the most efficient diversification of assets, to minimize risk while not sacrificing the effectiveness of the portfolio to yield the client's objectives. Since HFM believes that risk reduction is a key element to long-term investment success, asset allocation principles are a key part of HFM's overall approach in providing investment advice to clients.

**Investing in securities involves risk of loss that clients should be prepared to bear.**

## Item 9: Disciplinary Information

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Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of HFM or the integrity of our management. We have no information applicable to this Item.

## Item 10: Other Financial Industry Activities and Affiliations

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Stephen Hyde has a minority interest, forty four (44%) percent in another registered Investment Adviser, Smithbridge Asset Management, Inc. HFM does refer certain clients to Smithbridge Asset Management. Due to Mr. Hyde's ownership stake in the firm, he receives indirect compensation by way of his ownership in the firm for any referred client. Full disclosure of this is made at time of the referral. Clients are not required to use Smithbridge Asset Management, Inc. for investment management, and may utilize non-affiliated outside managers. HFM does review to ensure that investment with Smithbridge is consistent with the client's goals and objectives.

Mr. Hyde is a career agent with Massachusetts Mutual Life Insurance Co. and may engage in insurance product sales with our clients, for which he will receive additional compensation. Any commissions received through insurance sales do not offset advisory fees the client may pay for advisory services under HFM.

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

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HFM has adopted a written Code of Ethics pursuant to SEC Rule 204A-1 which some state regulators require as well. The Code of Ethics, among other things, sets forth the responsibilities and obligations of associated persons with respect to such issues as personal trading and insider trading restrictions. The firm's Code of Ethics is available upon request to clients and prospective clients.

HFM remains fully cognizant of its fiduciary responsibilities with respect to personal securities transactions, and in that regard the client's best interest shall always be placed ahead of that of HFM and the associated person(s).

HFM or its principals could recommend securities to advisory clients in which there is a proprietary interest. This has not happened but could. Full disclosure of any conflict of interest created by this type of situation would be fully disclosed to the advisory client at once.

If HFM or a related person recommends to clients, or buys or sells for client accounts, securities in which HFM or a related person has a material financial interest, it is our practice to immediately disclose this situation as a conflict of interest. We address this conflict of interest by making sure that the interest of the client is always placed before our own interest.

# Item 12: Brokerage Practices

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## **Factors Used to Select Custodians and/or Broker-Dealers**

HFM Investment Advisors, Inc. does not have any affiliation with Broker-Dealers, however we recommend that our clients use Charles Schwab & Co., Inc. (Schwab), a FINRA-registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and not affiliated with Schwab. Schwab will hold your assets in a brokerage account and buy and sell securities when instructed. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them.

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, these:

- combination of transaction execution services along with asset custody services
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.)
- breadth of investment products made available (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 them
- reputation, financial strength and stability of the provider
- their prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see "Products and Services Available to Us from Schwab")

### **Your Custody and Brokerage Costs**

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you fees on trades that it executes or that settle into your Schwab account. Schwab's fees applicable to our client accounts were negotiated based on our commitment to maintain a certain level of our clients' assets statement equity in accounts at Schwab. This commitment benefits you because the overall fees you pay are lower than they would be if we had not made the commitment 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 fees 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.

### **Products and Services Available to Us from Schwab**

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 are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long

as we keep a total of at least \$10 million of our clients' assets in accounts at Schwab. Here is a more detailed description of Schwab's support services:

Services that Benefit You. 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.

Services that May Not Directly Benefit You. 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 some 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; and
- 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
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.

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

## **Our Interest in Schwab's Services**

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 we keep a total of at least \$10 million of client assets in accounts at Schwab. 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. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above - see "How We Select Brokers/Custodians") and not Schwab's services that benefit only us. We have approximately \$356,000,000 in client assets under advisement, and do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.

### **1. Research and Other Soft-Dollar Benefits**

We currently do not receive soft dollar benefits.

### **2. Brokerage for Client Referrals**

We receive no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

### **3. Directed Brokerage**

We do recommend a specific custodian for clients to use, however, clients may custody their assets at a custodian of their choice. Clients may also direct us to use a specific broker-dealer to execute transactions. By allowing clients to choose a specific custodian, we may be unable to achieve most favorable execution of client transaction and this may cost clients money over using a lower-cost custodian.

## **Aggregating (Block) Trading for Multiple Client Accounts**

Neither HFM nor its associated persons aggregate the purchase or sale of securities for any client account. Clients are hereby advised that failure to aggregate the purchase or sale of securities could result in higher costs to the client.

Outside Managers used by HFM may block client trades at their discretion. Their specific practices are further discussed in their ADV Part 2A, Item 12.

## Item 13: Review of Accounts

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Annual Review: At the end of any period covered by this relationship, the Client and the Firm will determine whether to continue the services provided for under this relationship. The fee for continuing these services will be determined at that time based on the Firm's estimation of the complexity of the Client's situation.

The Annual Review may include, but is not limited to, the following services:

1. Tax pro forma and planning recommendations
2. Investment appraisal and review
3. Education Planning
4. Insurance review
5. Retirement plan review
6. Preparation of a Statement of Net Worth
7. Review of cash flows
8. Estate planning reviews
9. Information on current financial planning techniques
10. Research into specific financial areas as necessary
11. Other areas of concern determined by the client as appropriate

HFM intends to review each client's financial plan annually or as needed to fulfill its obligations to its clients. HFM uses the Advent Axys Advantage, and Morningstar's Advisor Workstation asset reporting systems as part of the review process. It will be used on a selected basis for selected clients chosen on a case-by-case basis. The fee for continuing these services will be determined at that time based on the Company's estimation of the complexity of the Client's situation.

Reviews are undertaken by Mr. Hyde. The review reports may either be verbal or written and will cover that which is described above.

## Item 14: Client Referrals and Other Compensation

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HFM does refer certain clients to Smithbridge Asset Management, Inc. Due to Mr. Hyde's ownership stake in the firm, he receives indirect compensation by way of his ownership stake for any referred client. Full disclosure of this is made at time of the referral.

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (see Item 12 - Brokerage Practices). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

## Item 15: Custody

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HFM does not accept custody of client funds. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you. Our statements or reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## Item 16: Investment Discretion

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HFM does exercise discretionary authority.

## Item 17: Voting Client Securities

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HFM does not vote Client proxies. Therefore, Clients maintain exclusive responsibility for: (1) voting proxies, and (2) acting on corporate actions pertaining to the Client's investment assets. The Client shall instruct the Client's qualified custodian to forward to the Client copies of all proxies and shareholder communications relating to the Client's investment assets. If the client would like our opinion on a particular proxy vote, they may contact us at the number listed on the cover of this brochure.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.



# Item 18: Financial Information

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Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

We do not have custody of client funds or securities or require or solicit prepayment of more than \$500 in fees per client six months in advance.

# HFM Investment Advisors, Inc.

## Form ADV Part 2B – Brochure Supplement

*For*

**Stephen L. Hyde**

President

Dated January 18, 2018

This brochure supplement provides information about Stephen L. Hyde that supplements the HFM Investment Advisors, Inc. (“HFM”) brochure. A copy of that brochure precedes this supplement. Please contact Stephen Hyde if the HFM brochure is not included with this supplement or if you have any questions about the contents of this supplement.

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

# Item 2: Educational Background and Business Experience

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## Stephen L. Hyde

Born: 1949

### Educational Background

- 1992 – Certified Financial Planner (CFP®), Board of Standards
- 1984 – Chartered Financial Consultant (ChFC), American College
- 1976 – Chartered Life Underwriter (CLU), American College
- 1971 – B.A. in Political Science, American University

### Business Experience

- 1986 – Present, HFM Investment Advisors, Inc., Chief Executive Officer and CCO
- 1971 – Present, Massachusetts Mutual Life Insurance Co., Insurance Agent
- 1984 – 2014, MML Investor Services, LLC, Registered Representative
- 1986 – 1992, Feaster, Warrant & Hyde Employee Benefits, Owner
- 1990 – 1994, Greenfield & Hyde Employee Benefits, Owner

### Professional Designations, Licensing & Exams

**CERTIFIED FINANCIAL PLANNER™, CFP®** and federally registered CFP (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 68,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- **Education** – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board’s financial planning subject areas include insurance

planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;

- **Examination** – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- **Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- **Ethics** – Agree to be bound by CFP Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- **Continuing Education** – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- **Ethics** – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**Chartered Financial Consultant (ChFC):** This designation is issued by The American College and is granted to individuals who have at least three years of full-time business experience within the five years preceding the awarding of the designation. The candidate is required to take seven mandatory courses which include the following disciplines: financial, insurance, retirement and estate planning; income taxation, investments and application of financial planning; as well as two elective courses involving the application of the aforementioned disciplines. Each course has a final proctored exam and once issued, the individual is required to submit 30 hours of continuing education every two years.

**Chartered Life Underwriter (CLU):** This designation is issued by The American College and is granted to individuals who have at least three years of full-time business experience within the five years

preceding the awarding of the designation. The candidate is required to take a series of mandatory courses which include, for example, the following: insurance planning, life insurance law, fundamentals of estate planning, planning for business owners, income taxation, group benefits, planning for retirement needs, and investments. Each course has a final proctored exam and once issued, the individual is required to submit 30 hours of continuing education every two years.

## Item 3: Disciplinary Information

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No management person at HFM Investment Advisors has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

## Item 4: Other Business Activities

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As previously described in Item 10 and Item 14 of this brochure, Mr. Hyde has a minority interest, forty-four (44%) percent, in another registered Investment Adviser, Smithbridge Asset Management, Inc.

Mr. Hyde is a career agent with Massachusetts Mutual Life Insurance Co. and may engage in insurance product sales with our clients, for which he will receive additional compensation. Any commissions received through insurance sales do not offset advisory fees the client may pay for advisory services under HFM. This activity accounts for 10% of Mr. Hyde's time.

## Item 5: Additional Compensation

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Mr. Hyde does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through HFM.

## Item 6: Supervision

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Stephen L. Hyde, as President and Chief Compliance Officer of HFM, is responsible for supervision. He may be contacted at the phone number on this brochure supplement.