



## Client Relationship Summary (Form CRS/Form ADV Part 3) June 2020

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### **Item 1 – Introduction**

Harbour Investments, Inc. is registered with the Securities and Exchange Commission (SEC) as a Registered Investment Adviser and Broker-Dealer. Fees for investment advisory services and brokerage accounts differ, and it is important for you to understand these differences. This client relationship summary is intended to describe different types of services that we offer, outline fees and costs you will pay for those services and highlight conflicts of interest that a financial professional has. Also included in this summary is our standard of conduct, our disciplinary history and sample questions for you to ask your financial professional. You can find additional details about how we work by visiting our website at <https://harbourinv.com/clients/how-we-work/>.

Free and simple to use tools are also available to assist you in researching firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS). This website provides educational materials about broker-dealers, investment advisers, and investing.

### **Item 2 – Relationships and Services**

#### **What investment services and advice can you provide me?**

Harbour Investments, Inc. offers investment advisory & brokerage services to retail investors through a financial professional that you work with directly. Harbour does not take custody or possession of your assets. Advisory and Brokerage services differ as outlined below and your financial professional may be able to offer to work with you in an advisory or brokerage capacity or in some cases both.

**Advisory Services** – Advisory services that are offered include financial planning, wrap fee, non-wrap fee asset management and third-party portfolio management services. Additional services offered to retail investors under an advisory relationship may include asset allocation, estate planning, cash flow analysis, insurance review, college/education funding analysis, employer sponsored plan/401K review, assistance in coordination with a tax professional and other services not listed here based on your needs. Services provided by a financial professional begin with helping you identify your investment and financial objectives. You work together to develop strategies based on your personal situation and desires. The strategy is carried out through the buying, selling, and holding of securities within your account. Your account is monitored on a continuous basis and may be traded on a discretionary or non-discretionary basis which is determined by you.

Under a discretionary relationship you are granting your advisor the authority to execute previously discussed strategies by purchasing and selling securities in your account. Your advisor will determine the securities and when to purchase or sell those securities. The discretionary authority will remain in effect until terminated by

you or your financial advisor. If you choose non-discretionary authority, your advisor will recommend buy and sell transactions, but you will make the ultimate decision regarding when to purchase or sell securities in your account.

Continuous monitoring of your account may not be possible in a financial planning relationship or instances where your account is only held for a limited duration of time. In certain instances, an account minimum of \$5,000 or more may apply. If your account is less than \$5,000 the services that can be offered may be limited. Our financial professionals are required to pass a qualification exam to provide investment advisory services. You can view the qualification exams that your financial professional has passed by searching their name on the SEC website at <https://adviserinfo.sec.gov/>.

**Brokerage Services** – We offer brokerage services including the purchase and sale of investments such as mutual funds, stocks, bonds, variable annuities, and exchange traded funds to retail investors. All transactions are on a non-discretionary basis. You may select investments, or we may recommend investments for your account, but the ultimate investment decision as to your investment strategy and the purchase or sale of investments will be yours. We can offer you additional services to assist you in developing and executing your investment strategy and monitoring the performance of your account. We do not monitor your account unless we agree in writing. We offer a large selection of investments, but do not offer proprietary products and may limit certain speculative investments. We do not have investment amount minimums, but investment companies or financial professionals may have their own. Our financial professionals are required to pass a qualification exam to sell different brokerage products. You can view the qualification exams that your financial professional has passed by searching their name on FINRA's Broker Check website at <https://brokercheck.finra.org/>.

**Additional Information** – Additional information regarding our services can be found on our website at <https://harbourinv.com/clients/regulation-bi/> and in our investment advisory brochure or wrap fee brochure at <https://harbourinv.com/clients/disclosures/>.

**Conversation Starter** – *Given my financial situation, should I choose an investment advisory service? Should I choose a brokerage service? Should I choose both types of services? Why or why not?  
How will you choose investments to recommend to me?  
What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

### **Item 3 – Fees, Costs, Conflicts, and Standard of Conduct**

#### **What fees will I pay?**

**Principal Advisory Fees** – You will pay fees for an advisor to manage the assets in your account and provide other account related services. These fees are most often calculated as a percentage of the value of assets in your account(s) but may also be a flat rate fee. Fees paid to the advisor for managing your assets should not exceed 1.5% of your total assets under management annually. If your account is set up with a wrap arrangement, the fee that you pay to your advisor also covers trade costs from the custodian. If your account is non-wrap you will pay trading fees from your account to the custodian when applicable. Advisor fees may be billed on a monthly, quarterly, or annual basis. With wrap-accounts the advisor usually charges a higher fee to help cover costs associated with trading within the account. When fees are based on overall assets under management, the advisor's fee will be higher when there are more assets in the account. For this reason, an advisor is incentivized to recommend you increase the assets in your account. Since fees are based on assets

under management and not performance, an advisor may have incentive to focus more on gathering new assets rather than managing existing assets. You may also be charged financial planning fees based on services provided that are unrelated to the management of assets in your account. Commonly these fees are for services involved in creating a detailed financial plan, analysis, or other service type work. These fees may be charged at an hourly rate or flat rate per project. These fees can be paid by you at the time you enter a contract for services, at the completion of services or anytime in between. In either fee arrangement mentioned above, you and your advisor will determine an appropriate fee rate and payment schedule upon entering a financial advisory relationship.

**Principal Brokerage Fees** – In your brokerage/investment account you pay certain fees (commissions, sales charges, and ticket charges) in connection with the buying and selling of each investment product. These transaction fee rates may be set by the product sponsor or by your financial professional. Ticket charges vary as each registered representative sets their own schedule. Generally, ticket charges range from about \$50 to 2% of the transaction amount. Commissions and sales charges vary depending on the product and some products such as variable annuities have commissions built into the purchase amount. Mutual funds sales charges typically range from 1.00% to 5.75% with possibilities for a sales charge reduction based on the amount of assets in your account. The product prospectus for mutual funds and variable annuities contains all information regarding the product. Harbour and your financial professional receives compensation from the assessment of these fees. This is a conflict of interest which incentivizes Harbour or your financial professional to recommend products and services that carry higher fees and to trade more frequently, since this enhances the compensation Harbour receives.

**Other Fees and Costs** – Some products have ongoing fees that are built into the product and are paid indirectly by you including marketing and distribution fees. These fees are based on the value of the account and you should consult the product prospectus for full explanation of these fees. You may also pay custodian fees, account maintenance fees, transaction fees, deferred sales charges, exchange fees, SEC fees or other fees directly from your account that are separate from fees paid to Harbour and your financial professional. These fees vary by custodian and will fluctuate based on account size, trading activity and holdings.

**Additional Information** - You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. Additional information regarding fees and costs can be found on our website at <https://harbourinv.com/clients/regulation-bi/>.

***Conversation Starter – Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?***

***What are your legal obligations to me when providing recommendations as my investment adviser or when acting as my broker dealer? How else does your firm make money and what conflicts of interest do you have?***

**Standard of Conduct** – *When we provide you with a recommendation as your investment adviser or as your broker-dealer, we must act in your best interest and not put our interests ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations and investment advice, we provide you. Here are some examples to help you understand what this means.*

Harbour receives additional compensation based on a fixed amount, flat fee, a formula based on assets under management, or expense reimbursements from certain product sponsors who are considered participating sponsors. This creates a conflict of interest for Harbour and our financial professionals since it incentivizes them to focus on these sponsors when recommending products to you instead of similar products from non-sponsors that have more limited access. A list of participating sponsors is updated periodically and can be requested from Harbour at any time.

**Conversation Starter - How might your conflicts of interest affect me, and how will you address them?**

**Additional Information** – Detailed information regarding Regulation Best Interest and conflicts of interest can be found on our website <https://harbourinv.com/clients/regulation-bi/> and <https://harbourinv.com/clients/disclosures/> under compensation from product sponsors and conflicts of interest. Disclosure information specific to the financial professional you are working with can be found at <https://harbourinv.com/representatives/>.

### **How do your financial professionals make money?**

Generally financial professionals make money based on percentage of assets being serviced; the time and complexity required to meet a client's needs; revenue earned from financial advisory services or recommendations; the product sold or product sales commissions. Financial professionals may also be compensated through non-cash transactions including complementary travel and gifts. Since the adviser receives fees because of your participation in an investment advisory relationship, the adviser has incentive to recommend an advisory relationship over other services. Commission rates vary from product to product which is a conflict of interest that incentivizes our financial professionals to recommend certain products over others.

### **Item 4 – Disciplinary History**

#### **Do your financial professionals have legal or disciplinary history?**

Yes. You can find disciplinary history by visiting <https://brokercheck.finra.org/> or <https://adviserinfo.sec.gov/> and searching under the Firm tab for Harbour Investments, Inc or the individual tab for your financial professional. You may also visit [investor.gov/CRS](http://investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

**Conversation Starter - As a financial professional, do you have any disciplinary history? For what type of conduct?**

### **Item 5 – Additional Information**

*You can find additional information regarding our investment advisory or brokerage services by visiting <https://harbourinv.com/clients/>. You can request a copy of the relationship summary by emailing [info@harbourinv.com](mailto:info@harbourinv.com) or calling 608-662-6100. Harbour Investments, Inc. can be reached via mail at 575 D'Onofrio Dr. Suite 300 Madison, WI 53719.*

**Conversation Starter - Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?**