

# W.H. Financial Services, Inc.

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of W.H. Financial Services, Inc. If you have any questions about the contents of this brochure, please contact us at (772) 233-4437 or by email at: [bill@whfinancial.net](mailto:bill@whfinancial.net). 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 W.H. Financial Services, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). W.H. Financial Services, Inc.'s CRD number is: 287703.*

850 NW Federal Hwy, Ste.152  
Stuart, FL 34994  
(772) 233-4437  
[bill@whfinancial.net](mailto:bill@whfinancial.net)  
<https://www.whfinancial.net>

*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

W.H. Financial Services, Inc. has not yet filed an annual updating amendment using the Form ADV Part 2A. Therefore, there are no material changes to report.

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

W.H. Financial Services, Inc. (hereinafter "WHF") is a Corporation organized in the State of Florida. The firm was formed in October 2002, and the principal owner is William Henry Hazlett.

### **B. Types of Advisory Services**

#### ***Portfolio Management & Selection of Other Advisers***

WHF will direct clients to third-party investment advisers. Before selecting other advisers for clients, WHF will always ensure those other advisers are properly licensed or registered as an investment adviser. WHF conducts due diligence on any third-party investment adviser, which may involve one or more of the following: phone calls, meetings and review of the third-party adviser's performance and investment strategy. WHF then makes investments with a third-party investment adviser by referring the client to the third-party adviser. WHF will review the ongoing performance of the third-party adviser.

#### ***Portfolio Analysis (MRI) Services***

WHF performs a portfolio "MRI" service; an analogy used to describe looking deeply into the holdings of a client's portfolio. Specifically, WHF will outline the client's current financial situation, including annual income, savings, tax levels, and risk tolerance levels. WHF will then prepare a report for the client and work with the client to ensure that investments match the client's risk tolerance, goals, and time horizon.

#### ***Financial Planning***

Financial plans and financial planning may include, but are not limited to: investment planning; life insurance; tax concerns; retirement planning; college planning; and debt/credit planning.

#### ***Services Limited to Specific Types of Investments***

WHF generally limits its investment advice to mutual funds, although WHF primarily recommends modern portfolio theory. WHF may use other securities as well to help diversify a portfolio when applicable.

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

WHF offers the same suite of services to all its clients. However, specific client investment strategies and their implementation are dependent upon the client's current situation (income, tax levels, and risk tolerance levels). Clients may not impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs.

#### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. WHF does not participate in any wrap fee programs.

#### **E. Assets Under Management**

WHF has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0	\$0	May 2017

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

#### **A. Fee Schedule**

##### ***Portfolio Management & Selection of Other Advisers Fees***

WHF will direct clients to Matson Money, Inc. The annual fee schedule is as follows:

##### **WHF Co-Adviser Compensation: Fees** (as % of assets under management)

*The first \$500,000 \_\_\_\_\_ Up to .99%*  
*The next \$500,000 \_\_\_\_\_ Up to .99%*  
*The next \$3,000,000 \_\_\_\_\_ Up to .75%*  
*The remainder over \$4,000,000 \_\_\_\_\_ Up to .50%*

*The aggregate management fees charged by WHF and Matson Money will not exceed 1.40% annually.*

These fees are negotiable at WHF discretion based on the nature of the client relationship. The value of the account as of the last business day of the quarter is used for purposes of calculating the advisory fee. These fees are negotiable and are separate from the expense ratio (up to 0.50% annually) associated with the Matson Money funds in which the portfolio will be invested. Matson Money does not receive any separate advisory fee; it is compensated solely via the fee associated with its mutual fund. All clients will invest in the mutual funds run by Matson Money.

## *Financial Planning Fees*

### **Portfolio Analysis (MRI) Fees**

The Portfolio MRI service will be offered to all clients, including those using WHF's other advisory services. Clients will pay a one-time (non-recurring) fixed fee of \$500 for the MRI service. This fee is negotiable and is charged to all prospective clients unless reduced or waived in WHF's sole discretion.

### **Fixed Financial Planning Fees**

The negotiated fixed rate for creating client financial plans is between \$495 and \$995.

Clients may terminate the agreement without penalty, for full refund of WHF's fees, within five business days of signing the Financial Planning Agreement. Thereafter, clients may terminate the Financial Planning Agreement generally upon written notice.

### **B. Payment of Fees**

Matson collects its advisory fee in advance of every quarter (i.e. at the beginning of January, April, July, and October) directly from the clients' account. They also collect WHF co-advisor fee and send to WHF directly.

Financial planning fees, including Portfolio MRI, are paid via check, in arrears upon completion.

### **C. Client Responsibility for Third Party Fees**

Clients are responsible for the payment of all third-party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by WHF. Please see Item 12 of this brochure regarding broker-dealer/custodian.

### **D. Prepayment of Fees**

WHF collects its fees in arrears and fees in advance. Refunds for fees paid in advance will be returned within fourteen days to the client via check, or return deposit back into the client's account.

For all asset-based fees paid in advance, the fee refunded will be equal to the balance of the fees collected in advance minus the daily rate\* times the number of days elapsed in the billing period up to and including the day of termination. (\*The daily rate is calculated by dividing the annual asset-based fee rate by 365.)

## **E. Outside Compensation for the Sale of Securities to Clients**

Neither WHF nor its supervised persons accept any compensation for the sale of 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**

WHF does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **Item 7: Types of Clients**

WHF generally provides advisory services to the following types of clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Corporations or Business Entities

There is no account minimum for any of WHF's services.

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

### **A. Methods of Analysis and Investment Strategies**

#### *Methods of Analysis*

WHF's methods of analysis include Modern portfolio theory, Quantitative analysis and Technical analysis.

**Modern portfolio theory** is a theory of investment that attempts to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, each by carefully choosing the proportions of various asset.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

#### *Investment Strategies*

Modern Portfolio Theory, Own equities and fixed income investments, diversify globally and re-balance periodically.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **B. Material Risks Involved**

### *Methods of Analysis & Investment Strategies*

**Modern portfolio theory** assumes that investors are risk averse, meaning that given two portfolios that offer the same expected return, investors will prefer the less risky one. Thus, an investor will take on increased risk only if compensated by higher expected returns. Conversely, an investor who wants higher expected returns must accept more risk. The exact trade-off will be the same for all investors, but different investors will evaluate the trade-off differently based on individual risk aversion characteristics. The implication is that a rational investor will not invest in a portfolio if a second portfolio exists with a more favorable risk-expected return profile – i.e., if for that level of risk an alternative portfolio exists which has better expected returns.

**Quantitative analysis** Investment strategies using quantitative models may perform differently than expected because of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models.

**Technical analysis** attempts to predict a future stock price or direction based on market trends. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not consider new patterns that emerge over time.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond “fixed income” nature (lower risk) or stock “equity” nature.

Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

In June 2010, the Florida Insurance Commission ordered Mr. Hazlett to issue a full refund of a fixed annuity premium and levied a \$2000 monetary penalty. The refund was issued, the penalty was paid and the matter concluded.

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

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither WHF nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither WHF nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

William Henry Hazlett is an investment adviser representative with another investment advisory firm, Tounjian Advisory Group, and from time to time, may offer clients advice or products from those activities and clients should be aware that these services may

involve a conflict of interest. WHF always acts in the best interest of the client and clients are in no way required to use the services of any representative of WHF about such individual's activities outside of WHF.

William Henry Hazlett is an independent licensed insurance agent, and from time to time, will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser. WHF always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to utilize the services of any representative of WHF in connection with such individual's activities outside of WHF.

#### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

WHF has entered into a co-advisory agreement with Matson Money, an unaffiliated money manager, under which it recommends on a nondiscretionary basis that clients open an account in an advisory program offered by Matson Money. In using third party advisers, there is a conflict of interest in that WHF would have an incentive to direct clients to third-party investment advisers that provide WHF with a larger fee split. This is mitigated because Matson Money charges no separate advisory fee of its own for the asset allocation services it provides to accounts participating in the Matson Fund Platform. Instead, Matson Money will be compensated via the expense ratio associated with the Matson Fund Platform; Matson Money also collects the WHF advisory fee directly from the custodian and then remits that advisory fee to WHF. Moreover, WHF will always act in the best interests of the client, including when determining which third-party investment adviser to recommend to clients. WHF will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where WHF is recommending the adviser to clients.

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

#### **A. Code of Ethics**

WHF has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. WHF's Code of Ethics is available free upon request to any client or prospective client.

## **B. Recommendations Involving Material Financial Interests**

WHF does not recommend that clients buy or sell any security in which a related person to WHF or WHF has a material financial interest.

## **C. Investing Personal Money in the Same Securities as Clients**

As part of its Code of Ethics, WHF has implemented a restricted list to ensure that neither the adviser nor its representatives will trade in securities that WHF also recommends to clients.

## **D. Trading Securities At/Around the Same Time as Clients' Securities**

Please see Item 11.C above.

# **Item 12: Brokerage Practices**

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

Custodians/broker-dealers will be recommended based on WHF's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent.

WHF will require clients to use Matson Money.

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

WHF does not trade client's accounts and therefore receives no research, product, or services from a broker-dealer ("soft dollar benefits").

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

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

### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

WHF does not trade client's accounts.

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

WHF does not trade clients' accounts and therefore does not have the ability to block trade purchases across accounts.

## **Item 13: Review of Accounts**

### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All financial planning accounts are reviewed upon financial plan creation and plan delivery by William Hazlett, President. Financial planning clients are provided a one-time financial plan concerning their financial situation. After the presentation of the plan, there are no further reports. Clients may request additional plans or reports for a fee.

### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

With respect to financial plans, WHF's services will generally conclude upon delivery of the financial plan.

### **C. Content and Frequency of Regular Reports Provided to Clients**

Each financial planning client will receive the financial plan upon completion.

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

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

WHF does not receive any economic benefit, directly or indirectly from any third party for advice rendered to WHF's clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

WHF does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

WHF does not take custody of client accounts at any time. Custody of client's accounts is held primarily at the client's custodian. Clients will receive account statements from the custodian and should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

WHF does not have discretion over client accounts at any time.

## **Item 17: Voting Client Securities (Proxy Voting)**

WHF will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

WHF neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither WHF nor its management has any financial condition that is likely to reasonably impair WHF's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

WHF has not been the subject of a bankruptcy petition in the last ten years.

## **Item 19: Requirements For State Registered Advisers**

### **A. Principal Executive Officers and Management Persons; Their Formal Education and Business Background**

WHF currently has only one management person: William Henry Hazlett. Education and business background can be found on the individual's Form ADV Part 2B brochure supplement.

**B. Other Businesses in Which This Advisory Firm or its Personnel are Engaged and Time Spent on Those (If Any)**

Other business activities for each relevant individual can be found on the Form ADV Part 2B brochure supplement for each such individual.

**C. Calculation of Performance-Based Fees and Degree of Risk to Clients**

WHF does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

**D. Material Disciplinary Disclosures for Management Persons of this Firm**

In June 2010, the Florida Insurance Commission ordered Mr. Hazlett to issue a full refund of a fixed annuity premium and levied a \$2000 monetary penalty. The refund was issued, the penalty was paid and the matter concluded.

**E. Material Relationships That Management Persons Have With Issuers of Securities (If Any)**

See Item 10.C and 11.B.