# Form ADV Part 2A – Firm Brochure

**Effective: January 7, 2022**

## Harvey Financial Management


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## Item 1: Cover Page

This Disclosure Brochure provides information about the qualifications and business practices of Harvey Financial Management Company, LLC ("the Adviser"). This Disclosure Brochure provides information about the Adviser to assist you in determining whether to retain the Adviser.

If you have any questions about the contents of this Brochure, please contact us via the contact information listed above. 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.

The Adviser is a Registered Investment Adviser. Registration of an investment adviser does not imply any specific level of skill or training but only indicates that the Adviser has registered its business with the state regulatory authorities. The registration can be found at www.Adviserinfo.sec.gov under CRD number 170653.

## Item 2: Material Changes

This Brochure will be amended anytime there is a material change, and this section will include a summary of those material changes.

## Item 3: Table of Contents

## Item 4: Advisory Business

Harvey Financial Management Company, LLC (the "Adviser") is an investment adviser registered under the Investment Advisers Act of 1940. As a registered investment adviser, the Adviser is a fiduciary obligated to act in the best interest of the client. The fiduciary responsibilities include the duty to put the client's interest first, and this includes, but is not limited to, a duty of care, loyalty, obedience, and utmost good faith.

Formed in 1999, Harvey Financial Management Company, LLC has offered financial services to individuals and financial institutions and their regulators. The firm first registered as a registered investment adviser in the State of Colorado in 2002, though the firm remained primarily focused on institutional clients until 2014. Beginning in 2014, the firm registered as an investment advisor in the state of Montana and began emphasizing investment management services and financial advice to individuals, trusts, other advisers, and businesses nationwide.

The firm is registered as an investment advisor in Montana, Washington, and New Jersey. Additionally, registration is often valid for a limited number (usually up to five) clients in other states without specific state registration. The company affirms proper state registration before taking on clients in any given state.

At the date of this filing, we manage approximately 90 portfolios totaling $24 million for 42 clients residing in 12 states. All assets are managed on a discretionary basis. The firm manages no assets on a nondiscretionary basis.

We are independently owned and operated and are not affiliated with any other investment company, brokerage, or business entity.

**Investment Management Services**

Our principal activity is to provide fee-based investment portfolio management services. We construct and monitor custom portfolios for each client, on a discretionary basis, according to the client's objectives and current and expected financial situation. It is our responsibility to analyze and select suitable investment securities and combine those securities into portfolios that reflect each client's individual circumstances, needs, and preferences. Under this service, our duty is to monitor portfolio holdings for quality and suitability and also to rebalance portfolios at least quarterly to ensure proper diversification is maintained and portfolio holdings remain appropriate for the client's circumstances, risk tolerance, and time horizon.

Diversified portfolios are constructed from multiple asset classes and across multiple geographies in order to limit excessive exposure to any one investment or asset class. The firm emphasizes the use of low-fee diversified funds in order to minimize the annual costs to the client. Individual stock and bond holdings may be used in larger accounts, subject to the limits of prudent diversification.

We collect client information to support the suitability of all investments in a portfolio context at inception. Information collected and used in determining portfolio composition includes client age, income, net worth, liquid assets, employment, residence value and equity, tax status and bracket, investment objectives, investment experience, time horizon, liquidity needs, cash flow needs, risk tolerance, other investments held elsewhere, and any other information the client may disclose or the Adviser may ask, based on the client's unique circumstances or our investment strategy. The Adviser collects this information at inception and attempts to update it at least annually.

For discretionary advisory services, the client authorizes the Adviser full discretion without obligation to consult or notify the client beforehand to make, order and direct transactions involving the client's Portfolio Assets in fulfilling the investment objectives as discussed with the client. This may include giving instructions to the custodian directing transactions in the client's portfolio. The client may place limitations and/or restrictions on the management of their portfolio with the understanding that excessive restrictions may affect the Advisers ability to provide the services as stated in the client's contract.

We do not have authority to disburse or transfer client funds, unless specifically granted by the client via a letter of agreement that is separate from the standard advisory contract. At no time will the Adviser accept or maintain custody of a client's funds or securities.

We will not be compensated on the basis of a share of capital gains upon or capital appreciation of the portfolio assets or any portion of portfolio assets. The Adviser will receive no commissions or per-trade fees. None of the services provided by us are commission-based. This keeps our interests and incentives aligned with those of our clients.

Discretionary investment portfolio management services do not include financial planning services, which are offered separately, as described below. Although investment portfolio management often involves incidental consideration of financial planning issues, such as retirement account vehicles and income tax considerations, any material financial planning and budgeting services are considered separate and fall under a separate hourly agreement clearly specifying the scope of work and requiring a formal planning report to the client.

**Financial Planning Services**

We offer hourly rate fees for advisory work that does not involve the discretionary management of client assets. These services primarily include:

- **General Financial Planning.** This includes services on topics such as retirement planning, risk management, college savings, cash flow, debt management, work benefits, selection of retirement account vehicles, and estate and incapacity planning.

- **Employee Benefit Advising.** This includes advising the client on the allocation of investment funds for defined contribution retirement plans, integration of work-based retirement benefits with other forms of savings, and selection of retirement vehicles best suited for the client's retirement and benefit goals.

- **Retirement Distribution Advising.** This service assists the client in making optimal choices for retirement account withdrawals and distributions, considering tax consequences, early withdrawal options, and required mandatory distributions.

Other services specific to client circumstances may also fall under this category.

Emphasis is placed on achieving long-term after-tax growth of savings assets tailored to the client's individual needs and lifetime financial goals. Financial plans developed for the client will be based on analysis of client circumstances and goals discussed in meetings with the client and based upon gathering information about the client's age, income, net worth, investment assets, employment, residence value and equity, tax status and bracket, estate and charitable giving goals, liquidity needs, cash flow needs, and risk tolerance, along with any other information the client may disclose or the Adviser may ask, based on the client's unique circumstances.

Clients purchasing financial planning services will receive a separate dedicated report outlining the analysis described above, along with detailed goals, recommendations, and conclusions.

Financial planning services do not include discretionary management of client funds. Those services are provided separately, as described above if desired by the client. There is no obligation or expectation that clients who choose financial planning services also use the Adviser for investment management services, nor vice versa. Clients have the option to purchase investment products that the Adviser recommends through other brokers or agents that are not affiliated with the Adviser or investment adviser representative.

## Item 5: Fees and Compensation

**<u>Discretionary Investment Management Fees</u>**
Fees for discretionary investment management are based directly on client assets under management according to the following schedule:

| **Discretionary Investment Management** (Expressed annually, even if billed quarterly) | |
|---|---|
| **Account size** | **Annual fee** |
| $500,000 and above | 0.5% of account balance |
| $100,000 - $499,999.99 | 0.75% of account balance |
| $50,000 - $99,999.99 | 1% of account balance |
| Under 49,999.99 | Flat $500/year* |

*Not to exceed an annualized rate of 2% of the account balance.

Since the labor involved in managing investment portfolios varies by account, not by client, fee tiers are per account and are not aggregated per client or household. Our principle is to ensure fairness by charging fees that are proportional to the work involved in managing each account. Aggregation of accounts is common in the industry, and by not aggregating accounts, the client may pay a higher fee. We strive to set fees that are among the lowest in the industry, and in fairness to all clients, the above fees are not negotiable.

Fees are billed in arrears (at the end of the quarter or year), based on account balances on the last day of the calendar quarter or year.

No fees are charged on uninvested cash or on static, unmanaged assets. Although we do not sell or recommend non-traded REITs or other nonmarketable securities, no fees will be charged on any client assets that are not marketable.

Advisory fees are directly deducted from client accounts, or the client may choose to pay by check. Invoicing requirements vary by state, and each client's state requirements will be reflected in their advisory contracts. In all cases, clients may elect to receive invoices specifying the fee, the formula used to calculate the fee, the fee calculation itself, the time period covered by the fee, and if applicable, 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. In some states, such as Washington, such invoices are mandatory and will be provided regardless of client preference.

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. Since fees are paid in arrears, no refund will be needed upon termination of the account.

Although minimum account sizes are common throughout the investment industry, we are proud to offer investment management services with no minimum account size.

Clients will not be charged for initial account set-up administration fees.

Our fees are exclusive of brokerage commissions, 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. We strive to minimize the impact of third-party fees, and we shall not receive any portion of these commissions, fees, and costs.

Advisory services may be terminated at any time by either of the parties upon written notice to the other, by phone, or by e-mail.

**Hourly Fees**

Hourly services will be billed at $185 per hour and will be governed by a separate hourly contract specifically defining the scope of the work. In fairness to all clients, the hourly rate is not negotiable. We will invoice the client at the completion of the project and payment will be due by check within 30 days. Services billed on an hourly basis are generally related to financial planning, as described in Item 4, and these services are distinct from the investment portfolio management services provided separately. Clients have the option to purchase investment products that the Adviser recommends through other brokers or agents that are not affiliated with the Adviser or investment adviser representatives.

We do not sponsor a wrap-program in which all of the above services would be included in our fee.

All of our hourly services are formalized in an Hourly Advisory Agreement with each client. The client has the right to terminate the contract without penalty within five business days after entering into the contract or if the client does not receive the Disclosure Brochure at least 48 hours prior to entering into an Investment Advisory Agreement.

Any initial financial planning fee will be offset if the client implements a financial plan under an investment management contract for the managed account assets, and no additional financial planning fee will be charged for further incidental investment planning or consulting of managed account assets.

Hourly service agreements are automatically terminated upon completion/delivery of a plan.

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

We do not charge any performance-based fees and do not engage in side-by-side management.

## Item 7: Types of Clients

Our clients consist primarily of individuals and trusts, though any type of entity may engage the company's services. We do not impose a minimum account requirement to engage our services.

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

**Investment Strategies**
We offer both passive and active investment management strategies, although our primary approach is to structure portfolios containing elements of both. Broadly diversified, low-cost index funds are the primary foundation of our client portfolios. Some actively managed funds and individual holdings may then supplement the portfolio structure.

Passive management focuses on asset allocation, with an emphasis on low-cost, low-turnover, broadly diversified index funds, exchange-traded funds, and mutual funds. Active management further includes the selection of individual holdings, with a continued emphasis on low turnover and tax efficiency but increased emphasis on selecting the most attractive individual securities and sectors in each asset class. The result is less diversification, and potentially greater issue-specific (non-systemic) risk. In order to attain sufficient diversification, investments in individual companies increases as account size increases, while smaller accounts are generally invested in exchange traded funds, which already hold a wide variety of securities. We use a variety of analysis tools in managing the active portion of the equity portfolio. However, our approach can broadly be described as robust fundamental analysis focused on the intrinsic value of the underlying business over the long term. Little to no emphasis is placed on market timing or attempting to forecast short-term market movements. We are long-term investors and not short-term traders.

Eligible holdings in each account are specified in the Investment Advisory Agreement but typically include stocks, bonds, mutual funds, index funds, real estate investment trusts, and exchange-traded funds. These may be domestic or international, and portfolios typically include both. Clients may expressly include or exclude any securities or classes of securities in the Investment Advisory Agreement. Risks of these holdings are described further below.

Although we do not sell or recommend non-traded REITs or other nonmarketable securities, no fees will be charged on any existing client assets that are not marketable.

We do not use outside managers or sub-managers.

**Methods of Analysis**

Our approach is a low-cost, low-turnover strategy focused on long-term investment value. We do not attempt to time the market or engage in any significant short-term trading or speculation.

Broadly, investment analysis can be broken down into two categories: fundamental and technical. Fundamental equity analysis is based on financial analysis of underlying businesses and their expected cash flows. Technical analysis is based on forecasting price movements of a company’s (or broad index’s) share prices. Our approach is fundamental.

Fundamental analysis can be further broken down into two approaches: Top-down and bottom-up. Top-down analysis uses economic analysis to forecast broad economic trends. Using that information, attractive countries, sectors, industries, and finally, specific companies are selected. In bottom-up analysis, a company’s financial statements, competitors, and markets are analyzed in depth, without undue emphasis on broader macro-economic trends, which are notoriously difficult to predict. The goal is to find companies that will provide attractive returns over the long term, throughout the market’s inevitable peaks and valleys. Our approach is largely bottom-up.

Bottom-up fundamental investment analysis is the traditional “Graham and Dodd” approach that is based on the value of the underlying investment valued as an ongoing business. A risk inherent in predicting the current and future value of a company is the possibility that financial statements may be incorrect and not accurately represent a company’s financial situation, including earnings which may be the basis for a company’s stock value.

When funds are used in place of individual holdings, emphasis will still be placed on tax efficiency, low expenses, and fundamental value of underlying holdings.

Economic growth in the future is projected to be much slower than in the past, both domestically and internationally, due to demographic trends and fiscal burdens. For that reason, an emphasis is placed on companies and indexes that are currently providing good return of profits and dividends, without significant economic growth being necessary to continue those returns. That said, depending on client preferences and risk tolerance, occasional investments may be made in smaller companies that have not yet attained significant profitability if future prospects are favorable.

Investment markets tend to be unpredictable in the short run. Fortunately, the factors that control performance over the long term, such as asset allocation and fundamental valuations, can be effectively managed.

**<u>Risk of Loss</u>**
Investing in securities involves risk of loss that clients should be prepared to bear. While we attempt to quantify and communicate these risks to you, we cannot make assurances about maximum loss during market dislocations or other events that are not within our control.

**All investing strategies we offer involve risk and may result in a loss of your original investment, which you should be prepared to bear.** Material risks associated with our investment portfolio strategies are listed below:

> **Market Risk:** Market risk involves the possibility that an investment's current market value will fall because of a general market decline, reducing the value of the investment regardless of the operational success of the issuer's operations or its financial condition.
>
> **Credit Risk:** Credit risk is the risk that a company or other entity may default on their obligations. This may be specific to an individual holding, but in times of economic distress, defaults can also be more widespread across industries or geographies.
>
> **Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the original investment value. In general, fixed-income securities with longer maturities are more sensitive to these price changes. Although the relationship is more direct with bonds, most other investments are also sensitive to the level and direction of interest rates.
>
> **Concentration Risk:** We strive to minimize concentration risk by using widely diversified portfolios containing numerous asset classes, securities, and geographic locations. Still, investment strategies can result in concentrations in certain industries, geographies, sectors or types of investment.
>
> **Legal or Legislative Risk**: Legislative or regulatory changes, tax law changes, or court rulings may impact the value of investments or the securities' claim on the issuer's assets and finances.
>
> **Strategy Risk:** The Adviser's investment strategies and/or investment techniques may not work as intended.
>
> **Inflation**: Inflation may erode the buying power of your investment portfolio, even if the dollar value of your investments remains the same.

Apart from the general risks outlined above, which apply broadly to all types of investments, specific securities may also have specific risks:

> **Common stocks** may go up and down in price quite dramatically, and in the event of an issuer's bankruptcy or restructuring could lose all value. A slower growth or recessionary economic environment could have an adverse effect on the price of all stocks.

**Corporate and Government Bonds** are debt securities used to borrow money. Generally, issuers pay investors periodic interest and repay the amount borrowed either periodically during the life of the security and/or at maturity. As a result, they are subject to both *interest rate risk* and *credit risk*.

Interest rate risk results because bond values generally move opposite of interest rates, so an increase in market interest rates can cause loss of bond value. The longer the time to a bond's maturity, the greater its interest rate risk. This type of risk exists even in otherwise low-risk, high-quality government bonds.

Credit risk results from the possibility that the bond issuer will not repay principal and/or interest as scheduled. We minimize this risk by focusing primarily on high-grade corporate and government bond holdings, though portfolios may still contain some lower-quality bonds or bond funds for diversification purposes. Also, bonds that were high grade upon purchase can at times deteriorate before bond maturity. All bonds, even high-quality securities, carry some risk of default.

**Exchange-Traded Fund** (ETF) prices may vary significantly from their Net Asset Value due to market conditions. Certain ETFs may not track underlying benchmarks as expected. ETF shares may be halted if the listing exchange's officials deem such action appropriate, the shares are delisted from the exchange, or the activation of market-wide "circuit breakers" (which are tied to large decreases in stock prices) halts stock trading generally. The Adviser has no control over the risks taken by the underlying funds in which the clients invest.

**Investment Companies Risk**. When a client invests in open-end mutual funds or ETFs, the client indirectly bears its proportionate share of any fees and expenses payable directly by those funds. Therefore, the client will incur higher expenses, many of which may be duplicative. In addition, the client's overall portfolio may be affected by losses of an underlying fund and the level of risk arising from the investment practices of an underlying fund, such as the use of derivatives or other forms of leverage.

**Real Estate Investment Trusts (REITs)** are pools of investments in underlying real estate projects. As a result, they are subject to both risks associated with the underlying real estate and the risks associated with financial markets in general. Real estate is sensitive to interest rate levels in particular, and real estate occupancy levels and rents can be influenced by overall economic conditions. REITs typically pay most of their earnings out as dividends, and this makes REIT market values sensitive to competing income securities such as bonds and preferred stock. REITs are often leveraged, and this can further increase their risk.

Although we do not sell or recommend non-traded REITs due to their characteristic illiquidity and high fees, it is common for these to transfer to our management from previous adviser purchases. We often have no ability to liquidate these instruments for clients. We do not charge management fees on any client assets that are not marketable.

## 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 the Adviser or individuals associated with the Adviser. We have no information or disclosures applicable to this item.

## Item 10: Other Financial Industry Activities and Affiliations

The Adviser has no association with any other firms in the financial industry. None of our employees are registered or have an application pending to register with any other financial entity. Tim Harvey is not actively engaged in any investment-related business or occupation. He serves on two commercial bank boards, but these businesses do not engage in investment sales or management. These board meetings and duties may occasionally occur during business hours, but they are not a significant infringement on advisory operations or business hours.

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

We adhere to ethics requirements under the Investment Advisers Act, as well as the CFA Institute Code of Ethics. Under the Investment Advisers Act, an Adviser is a fiduciary whose duty is to serve the best interest of its clients, which includes an obligation to put the client's interest first, and this includes, but is not limited to, a duty of care, loyalty, obedience, and utmost good faith.

Additionally, our firm and representatives must conduct business honestly and ethically to avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty, care, and obedience to all clients. We and our employees must make full disclosure of any material conflict or potential conflict of interest.

By adopting the CFA Institute Code of Ethics, we have promised to:

> (i) Place the integrity of the investment profession and the interests of clients above our own personal interest.
>
> (ii) Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets.
>
> (iii) Use reasonable care and exercise independent, professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities.
>
> (iv) Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession.

(v) Promote the integrity and uphold the rules governing capital markets.

(vi) Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals."

The Adviser has also adopted the CFA Institute's Asset Management Code of Professional Conduct:

**A. Loyalty to Clients**

Managers must:
1. Place client interests before their own.
2. Preserve the confidentiality of information communicated by clients within the scope of the Manager–client relationship.
3. Refuse to participate in any business relationship or accept any gift that could reasonably be expected to affect their independence, objectivity, or loyalty to clients.

**B. Investment Process and Actions**

Managers must:
1. Use reasonable care and prudent judgment when managing client assets.
2. Not engage in practices designed to distort prices or artificially inflate trading volume with the intent to mislead market participants.
3. Deal fairly and objectively with all clients when providing investment information, making investment recommendations, or taking investment action.
4. Have a reasonable and adequate basis for investment decisions.
5. When managing a portfolio or pooled fund according to a specific mandate, strategy, or style:
a. Take only investment actions that are consistent with the stated objectives and constraints of that portfolio or fund.
b. Provide adequate disclosures and information so investors can consider whether any proposed changes in the investment style or strategy meet their investment needs.
6. When managing separate accounts and before providing investment advice or taking investment action on behalf of the client:
a. Evaluate and understand the client's investment objectives, tolerance for risk, time horizon, liquidity needs, financial constraints, any unique circumstances (including tax considerations, legal or regulatory constraints, etc.) and any other relevant information that would affect investment policy.
b. Determine that an investment is suitable to a client's financial situation.

**C. Trading**

Managers must:
1. Not act or cause others to act on material nonpublic information that could affect the value of a publicly-traded investment.
2. Give priority to investments made on behalf of the client over those that benefit the Managers' own interests.

3. Use commissions generated from client trades to pay for only investment-related products or services that directly assist the Manager in its investment decision making process, and not in the management of the firm.
4. Maximize client portfolio value by seeking the best execution for all client transactions.
5. Establish policies to ensure fair and equitable trade allocation among client accounts.

**D. Risk Management, Compliance, and Support**
Managers must:
1. Develop and maintain policies and procedures to ensure that their activities comply with the provisions of this Code and all applicable legal and regulatory requirements.
2. Appoint a compliance officer responsible for administering the policies and procedures and for investigating complaints regarding the conduct of the Manager or its personnel.
3. Ensure that portfolio information provided to clients by the Manager is accurate and complete and arrange for independent third-party confirmation or review of such information.
4. Maintain records for an appropriate period of time in an easily accessible format.
5. Employ qualified staff and sufficient human and technological resources to thoroughly investigate, analyze, implement, and monitor investment decisions and actions.
6. Establish a business continuity plan to address disaster recovery or periodic disruptions of the financial markets.
7. Establish a firmwide risk management process that identifies, measures, and manages the risk position of the Manager and its investments, including the sources, nature, and degree of risk exposure.

**E. Performance and Valuation**
Managers must:
1. Present performance information that is fair, accurate, relevant, timely, and complete. Managers must not misrepresent the performance of individual portfolios or of their firm.
2. Use fair-market prices to value client holdings and apply, in good faith, methods to determine the fair value of any securities for which no independent, third-party market quotation is readily available.

**F. Disclosures**
Managers must:
1. Communicate with clients on an ongoing and timely basis.
2. Ensure that disclosures are truthful, accurate, complete, and understandable and are presented in a format that communicates the information effectively.
3. Include any material facts when making disclosures or providing information to clients regarding themselves, their personnel, investments, or the investment process.
4. Disclose the following:
    a. Conflicts of interests generated by any relationships with brokers or other entities, other client accounts, fee structures, or other matters.
    b. Regulatory or disciplinary action taken against the Manager or its personnel

related to professional conduct.
c. The investment process, including information regarding lock-up periods, strategies, risk factors, and use of derivatives and leverage.
d. Management fees and other investment costs charged to investors, including what costs are included in the fees and the methodologies for determining fees and costs.
e. The amount of any soft or bundled commissions, the goods and/or services received in return, and how those goods and/or services benefit the client.
f. The performance of clients' investments on a regular and timely basis.
g. Valuation methods used to make investment decisions and value client holdings.
h. Shareholder voting policies.
i. Trade allocation policies.
j. Results of the review or audit of the fund or account.
k. Significant personnel or organizational changes that have occurred at the Manager.
l. Risk management processes.

Note: The above Code is quoted and adopted in its entirety. We do not manage any pooled funds or engage in all activities addressed in the Code.

Our compliance officer is Tim Harvey, CFA, CPA.

## Item 12: Brokerage Practices

We do not maintain custody of client funds or securities. 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, Inc., a registered broker-dealer, member SIPC, as the qualified custodian. We are independently owned and operated and are not affiliated with Charles Schwab. Charles Schwab will hold your assets in a brokerage account and buy and sell securities when we and/or you instruct them to. While we may recommend that you use Charles Schwab as custodian/broker, you will decide whether to do so and will open your account with Charles Schwab by entering into an account agreement directly with them. We will manage assets for clients who choose an alternate custodian/broker, provided that the custodian will accept isolated adviser-managed accounts.

We may benefit from Schwab offerings such as research and brokerage services available at no additional cost to our firm. Services provided to our firm may include research reports on recommendations or other information about particular companies or industries; economic surveys, data and analyses; financial publications; portfolio evaluation services; client invoice reports; and other products or services that provide lawful and appropriate assistance by Schwab in our investment decision making responsibilities. This may create a conflict of interest in that the firm has an incentive to select or recommend a broker-dealer based on its interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable investment execution. We have little to no reliance on Schwab research, preferring other sources. However, we do rely on Schwab billing, invoicing, and performance reporting that are provided to us at no additional cost.

Although we have used other custodians in the past, Charles Schwab is our preferred custodian based on the reputation and services provided by the firm that are overall most advantageous to client transactions when compared to other available providers and their services. The most significant factors are:

- Access to a wide selection of securities and products, including individual municipal bonds and nationwide bank certificates of deposit;
- Lack of any commission charges on most client trades;
- Access to a wide variety of very low-cost index funds, many of which are managed by Charles Schwab;
- Excellent and timely customer service;
- User-friendly online customer interface; and
- Status as the largest retail brokerage firm.

We make individual trades in client accounts and do not aggregate trades into blocks. This is due to the personalized nature of each client portfolio and the very low turnover nature of our investment strategy. It would be very rare to execute similar transactions for multiple clients on the same day. Firms that do aggregate multiple client trades into larger blocks could obtain better execution prices by doing so.

Clients will receive trade confirmations from the custodian for each transaction in their accounts as well as monthly or quarterly statements and annual tax reporting statements showing all activity in the accounts, such as receipt of dividends and interest.

We do not receive client referrals from the recommended custodian/broker-dealer.

## Item 13: Review of Accounts

All accounts are personally reviewed at least quarterly by Tim L. Harvey, CFA, CPA, the firm’s founder and principal. The purpose of these reviews is to ensure that your accounts remain within your investment policy statement guidelines and that your portfolio remains appropriate for your circumstances, time horizon, and risk tolerance. At least annually, we will update your suitability information and adjust portfolio holdings if your circumstances or preferences have changed.

Account reviews are also conducted when non-calendar determined events occur. Such events include but are not limited to large in/outflows, a change in your financial situation, or a market dislocation in one or more asset classes. We provide electronic performance reports to clients at least annually.

## Item 14: Client Referrals and Other Compensation

We do not receive any economic benefit, directly or indirectly, from any third party for advice rendered to our clients. Nor do we, directly or indirectly, compensate any person or entity for client referrals. Similarly, we do not accept referral fees or any compensation for referring clients to third-party advisors or other professionals.

## Item 15: Custody

We take no legal custody of client investments or cash assets. All assets under advisement are held either in street name or in your name at third-party institutions. You should receive statements monthly or quarterly from the qualified custodian that holds and maintains your investment assets. We urge you to carefully review such statements and compare them to invoices, statements, and reports provided by us.

In some circumstances, the direct deduction of management fees from client accounts is considered limited custody. In these circumstances, you will specifically authorize these deductions in conjunction with a specific fee schedule. The deducted fees will be clearly itemized on your monthly or quarterly statements. You may elect to receive detailed invoices from us for these fees, as described in Item 5 above. In some states, these invoices are mandatory, and we will provide them regardless of client preference.

## Item 16: Investment Discretion

We can accept discretionary investment authority for client accounts, and that is our primary business, as described in Item 4. The level of discretionary authority is outlined within each investment advisory agreement and is subject to an investment policy statement that is unique to each client.

You will receive trade confirmations containing the details of each transaction from the custodian, as well as in periodic statements provided by the custodian.

## Item 17: Voting Client Securities

Clients may choose, at their option, to grant us general voting authority for client securities, but we will not exercise that authority on any specific issues without specific written instructions from the client and authorized in the investment advisory agreement. Granting the Adviser the authority to vote proxies does not create an obligation for the Adviser to vote any or all proxies. The Adviser may receive proxies for securities held in client accounts in the normal course of its management business which the Adviser will not vote unless directed specifically in writing or e-mail by the client. We will always vote as directed by the client and not in our own self-interest. Clients may contact us at any time by e-mail, phone, or in writing with questions about individual solicitations.

Clients may obtain a copy of proxy voting policies and procedures upon request. Clients may receive proxies from the custodian or transfer agent.

## Item 18: Financial Information

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

We do not take custody of client cash or securities, and we do not charge in advance for any services, minimizing the risk of firm insolvency to clients.

## Item 19: Requirements for State-Registered Advisers

Information required for this item is contained in the Brochure Supplement that follows.

There are no material relationships maintained by the Adviser with any issuer of securities.

Neither our firm, nor any persons associated with our firm are compensated for advisory services with performance-based fees. Please refer to the "Performance-Based Fees and Side-By-Side Management" section above for additional information on this topic.

Neither our firm, nor any of our management persons have any reportable arbitration claims, civil, self-regulatory organization proceedings or administrative proceedings.

# Part 2B of Form ADV
# Brochure Supplement

## Item 1: Cover Page for Brochure Supplement

## Harvey Financial Management

7 W Main St, #207-1
Bozeman, MT 59715
(406) 539-0252
www.harveyfinancialmgt.com
tim@harveyfinancialmgt.com

**Tim L. Harvey, CFA, CPA**
Individual CRD #: 4471700

January 7, 2022

This brochure supplement provides information about Tim L. Harvey that supplements the Harvey Financial Management Company, LLC brochure. You should have received a copy of that Brochure. Please contact Tim L. Harvey if you did not receive Harvey Financial Management Co., LLC's Brochure or if you have any questions about the contents of this Brochure Supplement.

Additional information about Tim L. Harvey is available on the SEC's website at www.Adviserinfo.sec.gov under CRD # 4471700.

## Item 2: Educational Background and Business Experience

### Tim L. Harvey, CFA, CPA

**EDUCATION AND PROFESSIONAL CERTIFICATIONS:**

- Chartered Financial Analyst (CFA).
- Certified Public Accountant (CPA). Montana CPA License #11554
- M.S., Accounting, University of Colorado, Denver, 2012
- B.S., Finance, University of Colorado, Boulder, 1986.
- Commissioned National Bank Examiner (NBE).

**EXPERIENCE:**

***Harvey Financial Management Company, LLC*: Owner and Portfolio Manager (1999 – Present)**

1. Investment services for individuals are detailed throughout this Brochure.

2. Company previously also provided financial consulting to financial institutions and their regulators. Performed over 100 consulting engagements in banks of all sizes and levels of complexity, from small community banks up to and including the world's largest multinational banks. Provided:

- Independent financial model validations;
- Consulting on investments, derivatives, and interest rate risk;
- Loss reserve analysis;
- Stress testing;
- Audits of investments, foreign exchange, interest rate risk, derivatives, and liquidity; and
- Independent loan review.

***Montana State University:***

**Associate Dean (2019-2020)**

- Responsible for administration and oversight of the Jake Jabs College of Business and Entrepreneurship.
- Oversee Graduate and Undergraduate academic programs, chair curriculum committee, and manage college committee assignments.
- Oversee academic accreditation process.
- Evaluate faculty and provide performance feedback and establish performance goals.

**Finance and Accounting Faculty (2014 – 2021).**

- Advanced Financial Statement Analysis (BFIN/ACTG 441)
- Commercial Bank Management (BFIN 458)
- International Finance (BFIN 452)
- Business Finance (BFIN 322)
- Senior Capstone/Thesis: Strategy (BGEN 499)

**Director, Community Banking Program (2017 – 2021)**

- Launched and managed this partnership between Montana State University and the Montana Banking Industry.
- Program includes internships, industry speakers, mentorship events, a summer banking "boot camp," and a dedicated course on commercial banking.

**Awards:**

- 2021 MSU Award of Excellence
- 2020 Selected by top Finance graduate as most effective mentor
- 2019 Scott and Barbara Heck Faculty Scholar Award
- 2018 MSU Award of Excellence
- 2017 JJCBE Code of Excellence Award
- 2016 Excellence in Teaching Award: Voted by graduating seniors as the business school's most effective faculty member and mentor.

***CoBank:* Director of Asset/Liability Analytics (1998-1999)**

Asset/Liability Manager and deputy treasurer of a $20 billion commercial bank. Responsible for oversight and analysis of a $10 billion derivatives portfolio and $3 billion investment portfolio. Managed team of six analysts.

***CoBank:* Manager, Quantitative Analytics (1998)**

Managed "middle-office" department focusing on trading desk analysis of complex investments and derivatives. Implemented a state-of-the-art derivatives and investment pricing and simulation model.

***CoBank:* Interest Rate Risk Analytics Officer (1998)**

Managed and monitored the bank's market risk position. Ran simulations of market risk under different interest rate scenarios using some of the industry's most advanced simulation models.

***Office of the Comptroller of the Currency:*** **Field Office Analyst (1997 – 1998)**

Supervisory Analyst over a team of 17 examiners and 53 banks. Reviewed and approved all examination conclusions and Reports of Examination before issuance to ensure accuracy and regulatory consistency. Performed the duties of the Assistant Deputy Comptroller in his absence.

***Office of the Comptroller of the Currency:*** **National Bank Examiner (1989-1997)**

Examined all areas of national banks for financial soundness and regulatory compliance, both as a field examiner and Examiner-in-Charge. As a capital markets specialist, assessed market risk, price risk, and liquidity risk in banks of all sizes and levels of sophistication.

***U.S. Army Reserve:*** **(1982-1994) Company Commander. Rank: Captain.** Commanding Officer of Headquarters Company for a combined Field Artillery/Combat Engineers Brigade.

**PAST AND PRESENT MEMBERSHIPS AND OTHER AFFILIATIONS:**

- CFA Institute (1994 – present)
- CFA Society Spokane (2017 – Present)
- Denver Society of Securities Analysts (1994 – 2002)
- CFA Program Curriculum Volunteer (1999 – 2018)
- American Institute of Certified Public Accountants (2021-present)

## Descriptions for CFA and CPA – Part 2B of Form ADV (Brochure Supplement)

Part 2B of Form ADV requires Advisers to prepare narrative brochures written in plain English which contain, among other things, information on the educational and business background of management and key advisory personnel of the Adviser. The SEC permits, *but does not require*, Advisers to list the professional designations held by such persons. SEC instructions require, however, that any listing of professional designations held *must* provide a sufficient explanation of the minimum qualifications required for the designation to allow clients and potential clients to understand the value of the designation.

**CFA:**

**The Chartered Financial Analyst** (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals. There are currently more than 90,000 CFA charter holders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct. High Ethical Standards The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charter holders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

<u>Global Recognition</u>
Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charter holders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 22 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

<u>Comprehensive and Current Knowledge</u>
The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional

standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning. The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession.

To learn more about the CFA charter, visit www.cfainstitute.org.

**CPA:**

**Certified Public Accountants** (CPAs) are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum education of 150 credit hours (equivalent of a master's degree) with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination.

In order to maintain a CPA license, states generally require the completion of 40 hours of continuing professional education (CPE) each year (or 80 hours over a two-year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members[1] are required to follow a rigorous *Code of Professional Conduct* which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's *Code of Professional Conduct* within their state accountancy laws or have created their own.

To learn more about the CPA license, visit http://www.aicpa.org.

## Item 3: Disciplinary Information

Tim L. Harvey does not have, nor has he ever had, any disciplinary disclosure.

## Item 4: Other Business Activities

Tim Harvey is not actively engaged in any investment-related business or occupation. He serves on two commercial bank boards, but these businesses do not engage in investment sales or management. These board meetings may occur during business hours, but they are not a significant infringement on advisory operations or business hours.

## Item 5: Additional Compensation

Tim Harvey receives additional compensation from membership on two commercial bank boards of directors and associated committees.

## Item 6: Supervision

Tim L. Harvey is the owner and an investment adviser representative of the firm and oversees the investment advice given to all clients. He supervises his own activities as there are no other supervisors.

## Item 7: Requirements for State-Registered Advisers

Tim L. Harvey has never been the subject of a bankruptcy petition, nor has he ever been involved in any disciplinary event reportable under this item.