

# Heximer Investment Management, Inc. Firm Brochure - Form ADV Part 2A

## Item 1 - Cover Page

*This brochure provides information about the qualifications and business practices of Heximer Investment Management, Inc. (the "Company") If you have any questions about the contents of this brochure, please contact us at (614) 760-9100 or by email at: [info@heximer.net](mailto:info@heximer.net). The information contained in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.*

*Additional information about Heximer Investment Management, Inc. is also available on the SEC's website located at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may search the site for registered investment advisers by an identifying number known as a CRD Number. The CRD Number for Heximer Investment Management, Inc. is CRD Number: 105344.*

*Please recognize that the language stated in this document as "registered investment adviser" or "registered" does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise, or training in providing advisory services to Clients.*

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July 2020

## Item 2: Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to our disclosure brochure, we are required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated March 11, 2020, the Firm has the following Material Change to report:

In 2020, in the wake of the COVID-19 pandemic, we elected to participate in the Small Business Administration's PPP Loan Program under the Federal CARES Act. The SEC requires us to disclose this information. You may find more information about this Program in Item 18: Financial Information.

If you have questions or would like a copy of our current brochure at any time free of charge, please contact us at (614) 760-9100.

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*See Form ADV, Part 2Bs for Supplemental Brochures for the following Investment Adviser Representatives:*

- John Ohsner
- Brandon Kremer and
- Wendell Heximer



## Item 4: Advisory Business

### A. Description of the Advisory Firm

Heximer Investment Management, Inc. (the “Company” or “HIM”) is a Corporation organized in the state of Ohio. The Company was formed as a state Registered Investment Adviser in February 1989. The Company began with two principal owners: Wendell Heximer and John C. Ohsner in equal amounts. As of December 31, 2019, Wendell Heximer is no longer an owner or officer of the Company. John Ohsner is now the sole owner of the Company, and the Chief Compliance Officer. John Ohsner is licensed as an Investment Adviser Representative (“IAR”) of the Company, and holds the designations as Chartered Financial Analyst (“CFA”), and Certified Financial Planner™ (“CFP”). Although Mr. Wendell Heximer is no longer an owner or officer of the Company, he continues in the capacity as an Investment Adviser Representative and he is supervised by John Ohsner.

The Company does not have a parent company or intermediate subsidiaries. The Company’s principal business is to provide investment advice, Portfolio Management Services and Financial Planning Services to prospective Clients and to its Clients who are typically individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, corporations and other business entities. The Company strives to achieve and meet the Clients’ investment objectives and personal priorities.

### B. Types of Advisory Services

Heximer Investment Management, Inc. (hereinafter referred to as “HIM”) offers the following services to its advisory Clients:

#### *Portfolio Management Services*

HIM offers “portfolio management services,” defined as giving continuous advice to the Client about the investment of funds on the basis of the Client’s individual needs and objectives. HIM provides ongoing portfolio management services to its Clients based on the individual goals, objectives, time horizon, and risk tolerance of each Client. At the inception of a Client relationship and on an ongoing basis, HIM creates an Investment Policy Statement (“IPS”) for each Client, which outlines the Client’s current situation (income, tax levels, and risk tolerance levels) and then constructs a plan (the “Investment Policy Statement”) to aid in the selection of a portfolio that matches each Client’s specific situation. The Client’s account(s) is highly customized and aligned to each Client’s investment objectives, risk appetite, lifestyle needs and long-term goals as described above. Portfolio Management Services include, but are not limited to, the following:

- Investment strategy
- Personal investment policy

- Asset allocation
- Risk tolerance
- Asset selection
- Regular portfolio monitoring

HIM evaluates the current investments of each Client with respect to their risk tolerance levels and time horizon. HIM accepts Clients mainly on a Discretionary basis but may choose to accept Clients on a Non-Discretionary basis. HIM will request discretionary authority from Clients in order to select securities and execute transactions without permission from the Client prior to each transaction. Risk tolerance levels are documented in the Investment Policy Statement based on information provided by the Client, and a copy of the IPS is given to each Client.

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

HIM generally limits its money management to mutual funds, equities, bonds, fixed income, debt securities, ETFs, real estate, REITs, covered call options for appropriate accounts and government securities. HIM may use other securities as well to help diversify a portfolio when applicable.

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

The Adviser offers “financial planning services” to its Clients. Financial planning is defined as a collaborative process that helps maximize a Client’s potential for meeting life goals through Financial Advice that integrates relevant elements of the Client’s personal and financial circumstances. These services are provided pursuant to a Financial Planning Agreement. If the Client also chooses to have the Adviser provide both Portfolio Management Services, and Financial Planning Services, the Financial Planning Agreement will be attached to the Investment Advisory Contract as Exhibit V.

During the Financial Planning process, the Adviser will meet with the Client to obtain a better understanding of the Client’s personal and financial circumstances and goals the Client wishes to accomplish. After the Adviser has an in-depth discussion with the Client and obtains all necessary documents and information, the Adviser and the Client will identify, select and prioritize goals. Once this is accomplished, the Adviser will analyze the information and develop the financial planning recommendations.

The Adviser will make full disclosure to Clients of any material conflict of interest regarding the Company, its Investment Adviser Representative(s) or employee(s) of the Company in writing before entering into an agreement with Client.

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

HIM offers the same suite of services to all of its Clients. However, specific Client plans and their implementation are dependent upon the Client’s Investment Policy Statement (“IPS”) 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 tailored selection of a portfolio that matches restrictions, needs, and targets.

Clients may impose restrictions on investing in certain securities or types of securities. If a Client imposes restrictions, these restrictions become part of the IPS established for the Client's account. The Client's account will be managed within these confines. Clients should be aware that certain restrictions can limit our ability to act, and as a result, the account's performance may differ from and may be lower than that of other accounts that have not limited the Company's discretion. However, if the restrictions prevent HIM from properly servicing the Client account, or if the restrictions would require HIM to deviate from its standard suite of services, HIM reserves the right to end the relationship.

Depending on the particular investment portfolio and/or investment strategy, the Company analyzes, constructs, and manages customized investment portfolios based on the particular goals of each Client in a manner which takes into account facts and information such as: existing investments, income needs, liquidity requirements, rate of return objective, tax considerations, risk tolerance and investment time horizons. The Company utilizes an array of investment vehicles including, but not limited to: equity securities, warrants, debt securities, certificates of deposit, municipal securities, investment company securities, United States government securities, options contracts, partnerships.

#### ***Discretionary Accounts***

When the Client opens a discretionary account, the Client is authorizing the IAR to buy and sell securities without having to obtain consent from the Client before each transaction. The IAR will make decisions regarding the Client's account based upon the investment policy statement and the Client's stated investment goals. As stated above, Clients may impose restrictions on investing in certain securities or types of securities. *See* information above.

#### ***Non-Discretionary Accounts***

When the Client opens a non-discretionary account, the Client makes all the trading decisions. With this type of account, the IAR will make recommendations to the Client on what to purchase, and the amount, but will obtain the Client's consent before buying or selling securities in the Client's account.

#### **Termination of Investment Advisory Contract**

The Client's Investment Advisory Contract for Portfolio Management Services may be terminated by the Client without penalty within the first five (5) business days of its execution. HIM will not impose start-up, closing, or penalty fees in connection with an account; however, the custodian may charge some or all of these fees. The Company's fees do not include variable life and annuity contracts, or hedge fund fees/expenses. Some other types of assets would also be subject to additional advisory and other fees/expenses,

which are described in the prospectuses of those investments and paid by the investments, but ultimately by the investor. If the investment advisory contract terminates prematurely, the Client will receive a pro-rata refund of the pre-paid fees less any expenses addressed in this brochure.

#### **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 any other administrative fees. HIM does not participate in any wrap-fee programs.

#### **E. Amounts Under Management**

HIM manages its accounts primarily on a discretionary basis but may elect to manage a Client's account on a non-discretionary basis. HIM has the following assets under management:

<b>Discretionary Amounts:</b>	<b>Non-discretionary Amounts:</b>	<b>Date Calculated:</b>
\$96,467,641.00	\$0.00	01/29/2020

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

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

##### *Portfolio Management Services Fees*

<b>Total Assets Under Management</b>	<b>Annual Fee</b>
First \$1,000,000	1.00%
Next \$2,000,000	0.75%
Above \$3,000,000	0.50%
Fund Only Accounts	0.50%

Clients are charged a minimum annual fee of \$1,000. All fees are negotiable and may be more or less for each Client depending upon the needs of the Client and the complexity of the situation. The final fee schedule is attached as Exhibit II to the Investment Advisory Contract. Fees are paid quarterly in advance, and Clients may terminate their contracts with written notice.

Investment advisory services may be provided on a consulting basis by separate Client agreement which is negotiable. Such consulting fees are calculated at an hourly rate not to exceed \$500 and are payable upon completion of the engagement. Fixed fee arrangements, other than the annual minimum, will not exceed two percent (2%) of assets under management.

Refunds are given on a prorated basis, based on the number of days remaining in a quarter at the point of termination. Fees that are collected in advance will be refunded based on the prorated amount of work completed up to the day of termination within the quarter terminated. The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter). Clients may terminate their contracts without penalty, for full refund, within five (5) business days of signing the advisory contract. During the calendar quarter, HIM shall not be compensated on the basis of a share of capital gains, capital appreciation of the funds or any portion of the funds of the Client.

Advisory fees are withdrawn directly from the Client's accounts by the Custodian and paid directly to HIM with Client written authorization.

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

The Adviser's fee for its Financial Planning Services will be billed at either an hourly rate or as a fixed fee at the option of the Client. The Adviser's hourly rate ranges from \$50.00 to \$200.00 per hour. The Adviser's fixed fee ranges from \$250.00 to \$10,000.00. Fees for Financial Plans will be billed and are due upon receipt of the invoice.

## **B. Payment of Fees**

### ***Payment of Portfolio Management Services Fees***

Advisory fees are withdrawn directly from the Client's accounts with Client written authorization. Fees are paid quarterly in advance. Advisory fees may also be invoiced and billed directly to the Client with payments due upon receipt of invoice. Clients may select the method in which they are billed.

### ***Payment of Financial Planning Services Fees***

Fees for Financial Plans are billed and due upon receipt of the invoice. Fees may be deducted by the Custodian directly from the Client's account(s) upon submission of an invoice by the Advisor and prior written consent of the Client by execution of a Financial Planning Agreement.

## **C. Clients Are Responsible 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 HIM. Please see Item 12 of this brochure regarding broker/custodian.

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

HIM collects fees quarterly in advance. Fees that are collected in advance will be refunded based on the prorated amount of work completed at the point of termination and the total days during the billing period. Fees will be deposited back into Client's account within fourteen days. HIM does not require the prepayment of more than \$1,200 in fees per Client, six months or more in advance.

The fee refunded will be the balance of the fees collected in advance minus the daily rate\* times the number of days in the quarter up to and including the day of termination. (\*The daily rate is calculated by dividing the quarterly AUM fee by the number of days in the termination quarter).

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

Neither HIM nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or services fees from the sale of mutual funds.

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

HIM 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**

HIM generally provides management supervisory services to the following types of Clients:

- ❖ Individuals
- ❖ High-Net-Worth Individuals
- ❖ Pension and Profit-Sharing Plans
- ❖ Trusts, Estates, or Charitable Organizations
- ❖ Corporations, and other Business Entities

#### ***Minimum Account Size***

There is no account minimum; however, Clients are charged a minimum annual fee of \$1,000.00.

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

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

HIM's methods of analysis include charting analysis, fundamental analysis, technical analysis, and cyclical analysis.

**Charting analysis** involves the use of patterns in performance charts. HIM uses this technique to search for patterns used to help predict favorable conditions for buying and/or selling a security.

**Fundamental analysis** involves the analysis of financial statements, the general financial health of companies, and/or the analysis of management or competitive advantages.

**Technical analysis** is the forecasting of future financial price movements based on an examination of past price movements. This does not result in absolute predictions about the future, but it can help anticipate what is "likely" to happen to prices over time.

**Cyclical analysis** involves the analysis of business cycles to find favorable conditions for buying and/or selling a security.

#### *Investment Strategies*

HIM uses long-term trading, short-term trading, short sales, margin transactions, and options writing (including covered options, uncovered options, or spreading strategies).

**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*

**Charting analysis** strategy involves using and comparing various charts to predict long-term and short-term performance or market trends. The risk involved in solely using this method is that only past performance data is considered without using other methods to crosscheck data. Using charting analysis without other methods of analysis would be making the assumption that past performance will be indicative of future performance. This may not be the case.

**Fundamental analysis** concentrates on factors that determine a company's value and expected future earnings. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

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**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 work long term.

**Cyclical analysis** assumes that the markets react in cyclical patterns which, once identified, can be leveraged to provide performance. The risks with this strategy are two-fold: 1) the markets do not always repeat cyclical patterns and 2) if too many investors begin to implement this strategy, it changes the very cycles they are trying to take advantage of.

**Cyber Security Risk:** As the use of technology has become more prevalent in the ordinary course of business, accounts have become potentially more susceptible to operational and other risks through breaches in cyber security. A breach in cyber security refers to both intentional and unintentional events that may cause an account to lose proprietary information, suffer data corruption, or lose operational capacity. This in turn could cause an account and/or the Company to incur regulatory penalties, reputational damage, and additional compliance costs associated with corrective measures, and/or financial loss. Cyber security breaches may involve unauthorized access to the digital information systems that support an account (e.g., through “hacking” or malicious software coding), but may also result from outside attacks such as denial-of-service attacks (i.e., efforts to make network services unavailable to intended users.). In addition, cyber security breaches of third-party service providers that provide services to an account (e.g., administrators, custodians, broker-dealers, etc.) are also subject to many of the same risks associated with direct cyber security breaches.

### ***Investment Strategies***

Long-term trading is designed to capture market rates of both return and risk. Frequent trading, when done, can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

Short-term trading, short sales, margin transactions, and options writing generally hold greater risk and Clients should be aware that there is a material risk of loss using any of those strategies.

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

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

HIM generally seeks investment strategies that do not involve significant or unusual risk beyond that of the general domestic and/or international equity markets. However, it will utilize short sales, margin transactions, and options writing. Short sales, margin

transactions, and options writing generally hold greater risk of capital loss and Clients should be aware that there is a material risk of loss using any of those strategies.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss. Mutual funds are not guaranteed or insured by the FDIC or any other government agency. You can lose money investing in mutual funds. All mutual funds have costs that lower investment returns. They can be of bond “fixed income” nature (lower risk) or stock “equity” nature (mentioned above).

**Equity** investment generally refers to buying shares of stocks by an individual or firms in return for receiving a future payment of dividends and capital gains if the value of the stock increases. There is an innate risk involved when purchasing a stock that it may decrease in value and the investment may incur a loss.

**Treasury Inflation Protected/Inflation Linked Bonds:** The Risk of default on these bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal.

**Fixed Income** is an investment that guarantees fixed periodic payments in the future that may involve economic risks such as inflationary risk, interest rate risk, default risk, repayment of principal risk, etc.

**Debt securities** carry risks such as the possibility of default on the principal, fluctuation in interest rates, and counterparties being unable to meet obligations.

**Stocks & Exchange Traded Funds (ETF):** Investing in stocks & ETF's carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Investments in these securities are not guaranteed or insured by the FDIC or any other government agency.

**Real Estate** funds face several kinds of risk that are inherent in this sector of the market. Liquidity risk, market risk and interest rate risk are just some of the factors that can influence the gain or loss that is passed on to the investor. Liquidity and market risk tend to have a greater effect on funds that are more growth-oriented, as the sale of appreciated properties depends upon market demand. Conversely, interest rate risk impacts the amount of dividend income that is paid by income-oriented funds.

**REITs** have specific risks including valuation due to cash flows, dividends paid in stock rather than cash, and the payment of debt resulting in dilution of shares.

**Precious Metal ETFs** (Gold, Silver, Palladium Bullion backed “electronic shares” not physical metal): Investing in precious metal ETFs carries the risk of capital loss.

**Long-term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose Clients to various other types of risk that will typically surface at various intervals during the time the Client owns the

investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short-term trading** risks include liquidity, economic stability and inflation.

**Short sales** risks include the upward trend of the market and the infinite possibility of loss.

**Margin transactions** use leverage that is borrowed from a brokerage firm as collateral.

**Options writing** involve a contract to purchase a security at a given price, not necessarily at market value, depending on the market.

**Past performance is not a guarantee of future returns. 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.

## Item 10: Other Financial Industry Activities and Affiliations

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

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

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

Neither HIM nor its representatives are registered as or have pending applications to become a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor.

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

HIM does not offer auxiliary advisory or management services.

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

HIM does not utilize nor select other advisers or third-party managers. All assets are managed by HIM management.

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

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

HIM has adopted a 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. HIM's goal is to protect the Client's interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, integrity, competence, diligence, good faith, and fair dealing with the Client. HIM has a duty to exercise its authority and responsibility for the benefit of its Clients, to place the best interests of its Clients first, and to avoid/refrain from having outside interests that conflict with the interests of its Clients and to disclose and manage any conflicts of interest that may exist. HIM will disclose to each Client any material conflict of interest regarding the Company, any IAR or employee of the Company in writing before entering into an Investment Advisory Contract, either Discretionary or Non-Discretionary, or a Financial Planning Agreement with the Client. The Company's representatives strive to act in a manner that reflects positively on the investment advisory and financial planning profession. Our Code of Ethics is available free of charge upon request to any Client or prospective Client. The Company may maintain its own accounts and may buy and sell securities for its own account or the account of its owner. The advice given and the actions taken with respect to a Client and the Company's own account may differ from advice given or the timing and nature of actions taken with respect to other Client accounts.

Additionally, the Company maintains and enforces written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about the Client or their account holdings by persons associated with the Company.

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

An IAR or the owner of HIM may have a financial interest in those recommended transactions that involve the purchase of securities. The Company, its owners and IARs may personally invest in the same securities recommended to its advisory Clients. These transactions may involve a conflict of interest.

To address this conflict of interest, the Company's owner, and IARs, will adhere to the following procedures regarding their personal trading:

1. The Company will maintain a list of its Access/Related Persons;
2. Access persons are required to submit Initial and Annual holdings reports to the Chief Compliance Officer;
3. Access persons are required to submit quarterly transaction reports, and
4. Personnel must receive approval from the Chief Compliance Officer regarding the purchase of IPO's and Limited Offerings.

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

From time to time, HIM may invest in the same security as those that are recommended to its Clients. This may cause a conflict of interest. To address this issue, the Company has established the above-referenced procedure. Additionally, in the event HIM invests in the same securities as those recommended to Clients, HIM will utilize an average price account so that all purchases and/or sales are reflected at the same price for both HIM and Clients.

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

From time to time, representatives of HIM may buy or sell securities for themselves at or around the same time as Clients. This may provide an opportunity for representatives of HIM to buy or sell securities before or after recommending securities to Clients resulting in representatives profiting off the recommendations they provide to Clients. Such transactions may create a conflict of interest. To address this issue, in the event HIM invests in the same securities as those recommended to Clients, HIM will utilize an

average price account so that all purchases and/or sales are reflected at the same price for both HIM and Clients.

## Item 12: Brokerage Practices

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

The Custodian, Pershing LLC, was chosen based on their relatively low transaction fees and access to mutual funds and ETFs. HIM will never charge a premium or commission on transactions, beyond the actual cost imposed by Custodian.

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

HIM receives no research, product, or services other than execution from a broker-dealer or third-party in connection with Client securities transactions (“soft-dollar benefits”).

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

HIM 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*

HIM allows Clients to direct brokerage. HIM may be unable to achieve the most favorable execution of Client transactions if Clients choose to direct brokerage. This may cost Clients’ money because without the ability to direct brokerage HIM may not be able to aggregate orders to reduce transactions costs resulting in higher brokerage commissions and less favorable prices. Not all investment advisers allow their Clients to direct brokerage.

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

HIM maintains the ability to block trade purchases across accounts. Block trading may benefit a large group of Clients by providing HIM the ability to purchase larger blocks resulting in smaller transaction costs to the Client. Declining to block trade can cause more expensive trades for Clients.

#### Trade Errors

In the event a trading error occurs in the Client’s account, the Company’s policy is to restore the Client’s account to the position it should have been in had the trading error

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not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the Client's account. If a trade error results in a profit, the Client will keep the profit.

## **Item 13: Reviews of Accounts**

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

Client accounts are reviewed at least quarterly by a Portfolio Manager. Client accounts will be reviewed by either John Ohsner, President, Portfolio Manager, and Chief Adviser or Brandon Kremer, Portfolio Manager. Portfolio Managers are instructed to review Clients' accounts with regard to the Client's investment objectives and risk tolerance levels. All accounts at HIM are assigned to these reviewers.

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

Reviews may be triggered by material market, economic or political events, or by changes in Client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

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

Each Client will receive at least monthly or quarterly from the custodian, a written report that details the Client's account including assets held and asset value which will come from the custodian.

## **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)**

HIM does not receive any economic benefit, directly or indirectly from any third party for advice rendered to HIM Clients.

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

HIM does not directly or indirectly compensate any person who is not advisory personnel for Client referrals.

### **Item 15: Custody**

Pursuant to the Investment Advisors Act of 1940 Rule 206(4)-2 and its requirements, "Custody" means holding, directly or indirectly, Client funds or securities or having any authority to obtain possession of them. Although each Client will have a qualified Custodian to maintain their assets and funds, the Company is still considered to have custody due to its ability to deduct fees from the Client's account.

Each Client of the Company appoints, or will appoint, a separate custodian (the "Custodian") to take possession of the cash, securities, and other assets in the Client's account. As a result, the Company does not have access to the assets in the account or to the income produced and will not be responsible for any acts or omissions of the Custodian. At least quarterly, the Custodian will send an account statement to the Client indicating all amounts disbursed from the Client's account(s) (including the amount of any fees paid to Heximer Investment Management, Inc. pursuant to the Client's authorization), all transactions occurring in the account during the period covered by the statement, and a summary of the account positions and portfolio values at the end of the period. The custodian will be directed to send copies of the account statements to HIM along with an indication that the statements have been sent to the Client.

Under government regulations, HIM is deemed to have custody of Client assets if, for example, the Client authorizes HIM to instruct Pershing, the Custodian, to deduct HIM's advisory fees directly from the Client's account [or if the Client grants HIM the authority to move the Client's money to another person's account]. Pershing maintains actual custody of Client assets. Clients will receive account statements directly from Pershing at least quarterly. Clients' statements will be sent to the email or postal mailing address they provided to Pershing or designated custodian. Clients should carefully review those statements promptly when the Client receives them. HIM also urges Clients to compare the Pershing's account statements with the periodic account statements and/or portfolio reports Clients will receive from HIM.

### **Item 16: Investment Discretion**

By signing the "Investment Management Agreement - Discretionary", the Client grants HIM the authority to invest/reinvest the assets under its management on the Client's behalf without prior consultation from the Client ("discretionary basis"), subject to the Client's stated investment objectives and any other Client instructions. The Company will invest in the investment types listed in this brochure which include, but are not limited to: cash, cash equivalents, U.S.

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Government securities, equities, options, mutual funds and alternative investments, which include, but are not limited to direct participation programs. See Item 8(C) regarding risks associated with these investments. Note: Various securities and/or tax laws as well as internal compliance policies may impose additional restrictions on the investments that may be made in a Client's account.

The Client also authorizes the Company to take any other action that is necessary in connection with the opening and maintenance of the Client's account, as well as for the completion and payment of transactions for the account(s). The Company will make investment decisions for the Client's account(s) according to the Client's IPS, investment objectives and financial circumstances as described by the Client. The Client agrees to promptly inform the Company and their IAR promptly if the information provided by the Client in their information and investor profile becomes materially inaccurate and to consult with the Company or the IAR to provide updated information on an annual basis.

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

HIM will accept voting authority for Client securities in certain cases. When HIM does accept voting authority for Client securities, it will always seek to vote in the best interests of its Clients. HIM does not maintain preapproved voting guidelines but relies on the company management to determine the appropriate course of action in voting Client securities that is in the best interest of the Client. Clients may direct HIM on how to vote Client securities by communicating their wishes in writing or electronically to HIM. When voting Client proxies the company management will always hold the interests of the Clients above its own interests. Clients of HIM may obtain the voting record of HIM on Client securities by contacting HIM at phone number or e-mail address listed on the cover page of this brochure. Clients may obtain a copy of HIM's proxy voting policies and procedures upon request free of charge.

## **Item 18: Financial Information**

### **A. Balance Sheet**

HIM does not require nor solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. Therefore, no balance sheet is included with this brochure.

### **B. Financial Condition**

Neither HIM nor its management have any financial conditions that are likely to reasonably impair the Company's ability to meet contractual commitments to its Clients.

In 2020, in the wake of the COVID-19 pandemic, we elected to participate in the Small Business Administration's PPP Loan Program under the Federal CARES Act. The SEC requires us to disclose this information. Our intention for participation in the PPP Loan Program was solely to ensure that we would be able to keep our current staff employed and continue to be able to fund payroll costs and related employee benefits. The amount of the loan was approximately equal to 2.5 times our average monthly payroll.

Our ability to meet contractual obligations to our clients has not been effected by the pandemic.

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

Neither HIM nor its management have 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**

HIM currently has one corporate officer, John C. Ohsner. His education and business background can be found on his Supplemental Form ADV, Part 2B.

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

Other business activities for John Ohsner can be found on his Supplemental Form ADV, Part 2B.

### **C. How Performance Based Fees are Calculated and Degree of Risk to Clients**

HIM 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**

Neither HIM, nor any management person, has been involved in an arbitration claim or found liable in a civil, self-regulatory organization, or administrative proceeding that is material to the Client's evaluation of the Company or its management.

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

Neither HIM, nor any management person, has any relationship or arrangement with issuers of securities.

*See Form ADV Part 2Bs for Supplemental Brochures for the following Investment Adviser Representatives:*

- John Ohsner
- Brandon Kremer
- William Heximer