



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

### Item 1 – Introduction

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

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

### Item 2 – Relationships and Services

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

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

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

Under a discretionary relationship you are granting your advisor the authority to execute previously discussed strategies by purchasing and selling securities in your account. Your advisor will determine the securities and when to purchase or sell those securities. The discretionary authority will remain in effect until terminated by you or your financial advisor. If you choose non-discretionary authority, your advisor will recommend buy and sell transactions, but you will make the ultimate decision regarding when to purchase or sell securities in your account.

Continuous monitoring of your account may not be possible in a financial planning relationship or instances

where your account is only held for a limited duration of time. In certain instances, an account minimum of \$5,000 or more may apply. If your account is less than \$5,000 the services that can be offered may be limited. Our financial professionals are required to pass a qualification exam to provide investment advisory services. You can view the qualification exams that your financial professional has passed by searching their name on the SEC website at <https://adviserinfo.sec.gov/>.

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

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

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

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

#### What fees will I pay?

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

involved in creating a detailed financial plan, analysis, or other service type work. These fees may be charged at an hourly rate or flat rate per project. These fees can be paid by you at the time you enter a contract for services, at the completion of services or anytime in between. In either fee arrangement mentioned above, you and your advisor will determine an appropriate fee rate and payment schedule upon entering a financial advisory relationship.

**Principal Brokerage Fees** – In your brokerage/investment account you pay certain fees (commissions, sales charges, and ticket charges) in connection with the buying and selling of each investment product. These transaction fee rates may be set by the product sponsor or by your financial professional. Ticket charges vary as each registered representative sets their own schedule. Generally, ticket charges range from about \$50 to 2% of the transaction amount. Commissions and sales charges vary depending on the product and some products such as variable annuities have commissions built into the purchase amount. Mutual funds sales charges typically range from 1%-5.75% with possibilities for a sales charge reduction based on the amount of assets in your account. The product prospectus for mutual funds and variable annuities contains all information regarding the product. Harbour and your financial professional receives compensation from the assessment of these fees. This is a conflict of interest which incentivizes Harbour or your financial professional to recommend products and services that carry higher fees and to trade more frequently, since this enhances the compensation Harbour receives.

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

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

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

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

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

**Harbour receives additional compensation based on a fixed amount, flat fee, a formula based on assets under management, or expense reimbursements from certain product sponsors who are considered**

participating sponsors. This creates a conflict of interest for Harbour and our financial professionals since it incentivizes them to focus on these sponsors when recommending products to you instead of similar products from non-sponsors that have more limited access. A list of participating sponsors is updated periodically and can be requested from Harbour at any time.

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

**Additional Information** – Detailed information regarding Regulation Best Interest and conflicts of interest can be found on our website <https://harbourinv.com/clients/regulation-bi/> and <https://harbourinv.com/clients/> under compensation from product sponsors and conflicts of interest.

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

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

#### **Item 4 – Disciplinary History**

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

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

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

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

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

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



## Regulation Best Interest Disclosure

This document summarizes information concerning the brokerage/investment services we offer and the material conflicts of interest that exist as we provide these services to you. Although we also provide investment advisory services, the focus of this disclosure is brokerage/investment services. Details regarding investment advisory services can be found at <https://harbourinv.com/regulation-bi/> in our Investment Advisory and Wrap Fee Program Brochures.

We offer brokerage/investment services including the purchase and sale of investments such as mutual funds, stocks, bonds, variable annuities, and exchange traded funds to retail clients. In your brokerage/investment account you pay certain fees (commissions, sales charges and ticket charges) in connection with the buying and selling of each investment product. Harbour receives compensation from the assessment of these fees. This is a conflict of interest which incentivizes Harbour to recommend products and services that may carry higher fees and to trade more frequently, since this enhances the compensation Harbour receives. Ticket charges vary as each registered representative sets their own schedule. Generally, ticket charges range from about \$50 to 2% of the transaction amount. Commissions and sales charges vary depending on the product and some products such as variable annuities have commission built into the purchase amount. Mutual funds sales charges typically range from 1%-5.75% with possibilities for a sales charge deduction based on the amount of assets in your account. The product prospectus for mutual funds and variable annuities contains all information regarding the product.

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

Ongoing compensation known as trail commission or 12b-1 fees may be received by us and is typically paid from the assets of the investment product under a distribution or servicing arrangement and is calculated as an annual percentage of invested assets. The amount of this compensation varies from product to product with variable annuities having options for trail commissions. Harbour receives 12b-1 fees from certain mutual fund companies as described in

the fund's prospectus. 12b-1 fees typically are expenses of the mutual fund which reduce the overall return a client may receive on a mutual fund investment. The receipt of such fees by Harbour and registered representatives results in a conflict of interest for Harbour and its registered representatives since there is an incentive to recommend funds with 12b-1 fees over funds that have lower fees.

Some Product Sponsors offer multiple structures of the same product such as mutual fund share classes, with each option having a unique expense structure, and some having lower costs to you as compared to others. We may be incentivized to make available those share classes or other product structures that could generate higher compensation to us.

Conflicts of interest may exist when we provide brokerage/investment services to you. The mere presence of a conflict of interest does not imply that harm to your interests will occur. We offer a broad range of investment services and products and we receive various forms of compensation from our clients. However, the compensation that we and our registered representatives receive from you varies based upon the product or service you purchase, which may create a financial incentive to recommend investment products and services that generate greater compensation to us. We are committed to taking appropriate steps to identify, mitigate and avoid conflicts of interest to ensure we act in your best interest when providing brokerage recommendations to you.

Harbour receives additional compensation based on a fixed amount, flat fee, a formula based on assets under management, or expense reimbursements ("Additional Compensation") from certain product sponsors who are considered "participating sponsors". These payments are paid to Harbour out of the revenues of the sponsoring investment company, registered investment adviser, insurance or financial company and are NOT paid out of client assets. Harbour uses this Additional Compensation to assist in training, education, and marketing services. Our 2023 participating sponsors include Advisors Excel, AEI, Allianz Life, American Funds, Bluerock Capital, Capital Square, CIM Group, CION, Equitable, First Trust, Hines, Inland, Inspired Healthcare, Jackson National, Lincoln Financial, Nationwide, Pacer ETF, Pacific Life, Prudential, Q3 Asset Management, Sammons, US Energy, and Voya Financial. The participating sponsors' additional compensation paid to Harbour ranged from \$500.00 to \$56,010.32. In return for this Additional Compensation, Harbour's Participating Sponsors have greater access to our registered representatives for product training and other educational presentations and information so they can better serve investors. This creates a conflict of interest for Harbour and its registered representatives since it may incentivize them to focus on these sponsors when recommending products to clients instead of similar products from non-sponsors that have more limited access. Clients are advised of this conflict and are informed that they are not required to purchase any product from a participating sponsor who pays Harbour additional compensation. When making a recommendation, if Harbour receives such additional compensation, it will disclose this fact to the client at the time the recommendation is made.

Some insurance companies pay periodic bonus payments to the representative or adviser which creates a conflict or potential conflict which could influence the representative or adviser to

recommend the insurance company's product now and/or in the future. The client is free to choose a different product which does not make such payments.

Harbour also sponsors certain reward/incentive programs to its registered representatives. Approximately 40% of producing representatives receive recognition and some form of monetary benefit based on the representative total revenue and production each year. This benefit includes free hotel rooms and special dinner at annual Harbour conference, a gift valued at approximately \$100, an award and monetary credit toward an annual trip Harbour offers its representatives. Receipt of these benefits is a conflict of interest since it incentivizes representatives to generate revenue and, under some circumstances, impacts a recommendation to a client made by a representative. Clients are advised of this conflict and are free to deal with representatives who do not participate in these programs.

Additional Compensation for Expense Reimbursement - Harbour representatives receive expense reimbursement from entities which include but are not limited to product sponsors. Typically, this may include reimbursement for the costs of seminars, client get togethers, meals, travel, lodging and other expense reimbursement. These reimbursements do not impact client funds or performance since they are not paid directly or indirectly from client assets. Nonetheless, the receipt of expense reimbursement creates a conflict of interest for registered representatives receiving it, since it may cause representatives to favor recommendations of entities and products of reimbursing entities over those entities not providing such reimbursement. Representatives will advise clients as part of any recommendation whether they receive such expense reimbursement. Clients are free at all times upon disclosure to select products and services from entities not providing registered representatives expense reimbursement.

Typically, a registered representative's payout schedule increases with production and asset levels. As a result, registered representatives have an incentive to provide brokerage/investment recommendations that result in selling more investment products and services. Registered representatives may be motivated to place trades ahead of clients in order to receive more favorable prices than their clients. Harbour has procedures in place to address these conflicts.

I understand and acknowledge I have received and reviewed the above disclosure regarding Regulation Best Interest.

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Client Signature

\_\_\_\_\_  
Date

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Client Signature

\_\_\_\_\_  
Date