



**HFM Investment Advisors, LLC**

**Form ADV Part 2A – Firm Brochure**

Dated June 25, 2020

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Glassboro, NJ 08028

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This Brochure provides information about the qualifications and business practices of HFM Investment Advisors, LLC, “HFM”. If you have any questions about the contents of this Brochure, please contact us at (856) 232-2270. 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.

HFM Investment Advisors, LLC is registered as an Investment Advisor with the State of New Jersey. Registration of an Investment Advisor does not imply any level of skill or training.

Additional information about HFM is available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) which can be found using the firm’s identification number 289103.

## Item 2: Material Changes

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Since the last annual filing of the Form ADV Part 2A, dated March 27, 2020 the firm has the following material changes.

The firm has updated selection of other advisors to include Betterment LLC via HFM Ignite (Item 5, Item 12, Item 14, Item 15).

The firm has updated brokerage practices to disclose TD Ameritrade (Item 12, Item 14).

The firm has updated Item 18 to add a disclosure regarding the Paycheck Protection Program (“PPP”).

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# Item 4: Advisory Business

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## **Description of Advisory Firm**

HFM Investment Advisors, LLC is registered as an Investment Advisor located in the State of New Jersey. We were founded on June 12, 2017. Michael P. Pallozzi and Jason F. Gabrieli are the principal owners of HFM. HFM offers discretionary management activities, provides ongoing continuing investment supervisory services, financial planning, and Employer Sponsored Plan Advisory Services.

## **Types of Advisory Services**

### **Investment Advisory Services**

We offer investment management services by outsourcing asset management, where appropriate, to third-party money managers (“Subadvisors”) for portfolio management services. We presently use First Ascent Asset Management as subadvisor for the majority of our investment management. Some legacy clients also use Morningstar Investment Services LLC and Brinker Capital, Inc’s subadvisory services. We assist clients in selecting an appropriate allocation model, completing the Subadvisor’s investor profile questionnaire, interacting with the Subadvisor and reviewing the Subadvisor.

HFM refers clients to other investment advisors to manage their accounts. This situation creates a conflict of interest. However, when referring clients to another investment advisor, the client’s best interest and suitability of the other investment advisors will be the main determining factors of HFM. This relationship is disclosed to the client at the commencement of the advisory relationship. You are not obligated, contractually or otherwise, to use the services of any other investment advisors we recommend. Additionally, HFM will only recommend another investment advisor who is properly licensed or registered as an investment advisor in the state where the client resides.

Additionally, we will meet with the client on a periodic basis to discuss changes in their personal or financial situation, suitability, and any new or revised restrictions to be applied to the account. Fees pertaining to this service are outlined in Item 5 of this brochure. This service may be terminated 14 calendar days written notice.

### **Financial Planning**

Financial planning is a comprehensive evaluation of a client’s current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information and analysis will be considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service will receive a written or an electronic report, providing the client with a detailed financial plan designed to achieve his or her stated financial goals and objectives.

The client always has the right to decide whether or not to act upon our recommendations. If the client elects to act on any of the recommendations, the client always has the right to affect the

transactions through anyone of their choosing. This service may be terminated 14 calendar days written notice.

In general, the financial plan will address any or all of the following areas of concern. The client and advisor will work together to select the specific areas to cover. These areas may include, but are not limited to, the following:

- **Business Planning:** We provide consulting services for clients who currently operate their own business, are considering starting a business, or are planning for an exit from their current business. Under this type of engagement, we work with you to assess your current situation, identify your objectives, and develop a plan aimed at achieving your goals.
- **Cash Flow and Debt Management:** We will conduct a review of your income and expenses to determine your current surplus or deficit along with advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice may also be provided on which debts to pay off first based on factors such as the interest rate of the debt and any income tax ramifications. We may also recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.
- **College Savings:** Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advice on ways for you to save the desired amount. Recommendations as to savings strategies are included, and, if needed, we will review your financial picture as it relates to eligibility for financial aid or the best way to contribute to grandchildren (if appropriate).
- **Employee Benefits Optimization:** We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.
- **Estate Planning:** This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts and other related documents. Our advice also typically includes ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts.

We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We may provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time-to-time, we will participate in meetings or phone calls between you and

your attorney with your approval or request.

- **Financial Goals:** We will help clients identify financial goals and develop a plan to reach them. We will identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.
- **Insurance:** Review of existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **Portfolio Analysis:** This is a service we offer which will look deeply into the holdings of a client's portfolio during analysis.
- **Retirement Planning:** Our retirement planning services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that may impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments).

If you are near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

- **Risk Management:** A risk management review includes an analysis of your exposure to major risks that could have a significantly adverse effect on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").
- **Tax Planning Strategies:** Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their "tax efficiency," with consideration that there is always a possibility of future changes to federal, state or local tax laws and rates that may affect your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we may provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your

approval.

### **Annual Ongoing Financial Planning**

Clients desiring an ongoing relationship after delivery of financial plan, we offer ongoing planning for clients in the execution of their financial plan. These clients will also receive updates to their financial plans (as needed) and ongoing support with execution on their financial plan, via phone and emails. This service may be terminated 14 calendar days written notice.

### **Employer Sponsored Plan Advisory Services (“ESAS”)**

We offer non-discretionary pension consulting, as a 3(21) fiduciary, to plans and their trustees with respect to such matters as: (1) advising plan sponsor on mutual funds that may be appropriate for plan participants to choose as their funding vehicles; (2) monitoring performance of money managers and mutual funds and making recommendations for changes; (3) provide educational one-on-one meetings with plan participants and also group educational workshops; and (4) selecting other service providers, such as custodians, administrators and broker-dealers.

All plans to which we provide ESAS are regulated under the Employee Retirement Income Securities Act ("ERISA"). We will provide consulting services to the plan fiduciaries as described above. The plan fiduciary is free to seek independent advice about the appropriateness of any recommended services for the plan. This service may be terminated 14 calendar days written notice.

### **Selection of Other Advisers**

We may direct clients to third-party investment advisers. Before selecting other advisers for clients, we will verify that all recommended advisers are properly licensed, notice filed, or exempt in the states where our firm is recommending the adviser to clients.

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

We offer the same suite of services to all of our clients. However, specific client financial plans and their implementation are dependent upon a client’s current situation (income, tax levels, and risk tolerance levels) and is used to construct a client specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

### **Wrap Fee Programs**

We do not participate in wrap fee programs.

### **Assets Under Management**

HFM’s has the following assets under management:

Discretionary Amounts:	Non-Discretionary Amounts:	Date Calculated:
\$0.00	\$0.00	December 2019

## Item 5: Fees and Compensation

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### Investment Advisory Services

HFM's standard advisory fee is based on the market value of the account and is calculated as follows:

Account Value	Annual Advisory Fee
\$1 - \$250,000	1.50%
\$250,000 - \$500,000	1.40%
\$500,000 - \$1,000,000	1.20%
\$1,000,000 - \$1,500,000	1.00%
\$1,500,000 - \$2,000,000	0.90%
\$2,000,000 - \$3,000,000	0.80%
\$3,000,000 - \$3,600,000	0.70%
\$3,600,000 and above	Flat \$25,000

The annual fees are negotiable and are pro-rated and are paid in advance on a quarterly basis. The balance in the client's account on the last day of the prior billing period is used to determine the market value of the assets upon which the advisory fee is based.

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. An account may be terminated with written notice. Upon termination of the account, any unearned fee will be refunded to the client on a prorated basis.

Clients may terminate the agreement without penalty, for full refund of HFM's fees, within five business days of signing the Investment Advisory Agreement. Thereafter, clients may terminate the Investment Advisory Agreement with fourteen days' written notice.

### Subadvisor Services Fees

HFM will use subadvisors (unaffiliated third-party advisors) to manage client assets. This relationship will be memorialized in each contract between HFM and the third-party advisor.

HFM will be paying First Ascent's fees from the firm's revenue and First Ascent will debit the firm's fee from client accounts quarterly in advance, deduct their applicable fees from the firm's total fees

collected, and transmit the remainder to the firm. Client's will not be directly paying for First Ascent services.

## HFM Ignite

HFM may specifically direct clients to Betterment LLC. The annual fee schedule is as follows:

Account Value	HFM's Fee	Betterment's Fee	Annual Advisory Fee
All Assets	0.40%	0.20%	0.60%

Fees are paid quarterly in arrears. Fees for selection of Betterment LLC as third-party adviser are withdrawn by Betterment LLC directly from client accounts. HFM then receives its portion of the fees from Betterment LLC. HFM does not directly deduct the advisory fees.

## Financial Planning Fixed Fee

Financial Planning will generally be offered on a fixed fee basis. The fixed fee will be agreed upon before the start of any work. The fixed fee can range between \$5,000 and \$25,000. The fee is negotiable. If a fixed fee program is chosen, half of the fee is due at the beginning of process and the remainder is due at completion of work, however, HFM will not bill an amount above \$500 more than 6 months in advance. At the discretion of HFM, clients may pay the amount in monthly or quarterly installments. In the event of early termination, the client will be billed for the hours worked at a rate of \$250 per hour. If the initial deposit is greater than the amount billed, then the client will be refunded the difference. If the initial deposit is less, then the client will be billed the difference. Clients may pay by check or ACH/credit card via third party processor.

## Employer Sponsored Plan Advisory Services ("ESAS") Fee

The type and amount of the fees charged to the client, subject to negotiation, will be based on the market value of the plan assets, and can range from 0.10% to 0.75% depending on plan size, number of participants, and scope of service.

The annual fees are negotiable and are pro-rated and may be paid in advance or arrears on a monthly or quarterly basis, depending on the plan Record-keeper. Plans initiated or terminated during the billing period will be charged a pro-rated fee based on the amount of time remaining in the billing period. A plan may be terminated with written notice. In the event fees are paid in advance, upon termination of the plan, any unearned fee will be refunded to the client on a prorated basis. If fees are paid in arrears, no rebate will be needed upon termination of the plan.

At the discretion of HFM, there may be a fixed fee assessed for certain size plans or additional scope of work. Fees can range from \$500 to \$25,000 and are negotiable.

Plan Assets	Annual Advisory Fee
\$0- \$2,999,999	0.75 %
\$3,000,000 - \$4,999,999	0.55%
\$4,999,999 - \$9,999,999	0.35%
\$10,000,000 - \$14,999,999	0.25%
\$15,000,000 - \$19,999,999	0.15%
\$20,000,000 and above	Negotiable

## Other Types of Fees and Expenses

Our fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses that 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. Such charges, fees and commissions are exclusive of and in addition to our fee, and we shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that we consider in selecting or recommending broker-dealers for client’s transactions and determining the reasonableness of their compensation (e.g., commissions).

We do not accept compensation for the sale of securities or other investment products including asset-based sales charges or service fees from the sale of mutual funds.

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

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We do not offer performance-based fees.

## Item 7: Types of Clients

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We provide financial planning and portfolio management services to individuals, business owners, and employer retirement plans. With respect to advisory clients that are accounts regulated under the Employee Retirement Income and Security Act (“ERISA”), we provide general investment advice about the merits and risks of several investment alternatives. We have no discretionary authority or control, whatsoever, with respect to ERISA accounts. The named Plan fiduciary must make the investment decision about the purchase of any products

based on his/her understanding of the Plan's needs and objectives, and we are in no way responsible for any investment decisions. The Plan fiduciary is free to seek independent advice about the appropriateness of any investment for the Plan.

There is no account minimum for HFM Ignite.

The account minimum for other services is \$500,000, which may be waived at our discretion.

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

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As discussed in Item 4 above, we refer clients to Subadvisors. Our analysis of Subadvisors involves the examination of the experience, expertise, investment philosophies, and past performance of the Subadvisors in an attempt to determine if that manager has demonstrated an ability to invest over a period of time and in different economic conditions. We monitor the manager's underlying holdings, strategies, concentrations and leverage as part of our overall periodic risk assessment. A risk of investing with an Subadvisor who has been successful in the past is that he/she may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in an Subadvisor's portfolio, there is also a risk that a manager may deviate from the stated investment mandate or strategy of the portfolio, making it a less suitable investment for our clients. Moreover, as we do not control the manager's daily business and compliance operations, we may be unaware of the lack of internal controls necessary to prevent business, regulatory, or reputational deficiencies.

### Material Risks Involved

**All investing strategies we offer involve risk and may result in a loss of your original investment which you should be prepared to bear.** Many of these risks apply equally to stocks, bonds, commodities and any other investment or security. Material risks associated with our investment 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.

**Small and Medium Cap Company Risk:** Securities of companies with small and medium market capitalizations are often more volatile and less liquid than investments in larger companies. Small and medium cap companies may face a greater risk of business failure, which could increase the volatility of the client's portfolio.

**Interest Rate Risk:** Bond (fixed income) prices generally fall when interest rates rise, and the value may fall below par value or the principal investment. The opposite is also generally true: bond prices generally rise when interest rates fall. In general, fixed income securities with longer maturities are more sensitive to these price changes. Most other investments are also sensitive to the level and direction of interest rates.

**Inflation:** Inflation may erode the buying-power of your investment portfolio, even if the dollar value

of your investments remains the same.

## Risks Associated with Securities

Apart from the general risks outlined above which apply to all types of investments, specific securities may have other risks.

**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). ETFs are also subject to the following risks: (i) an ETF's shares may trade at a market price that is above or below their net asset value; (ii) the ETF may employ an investment strategy that utilizes high leverage ratios; or (iii) trading of an ETF's shares may be halted if the listing exchange's officials deem such action appropriate, the shares are de-listed 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 Advisor has no control over the risks taken by the underlying funds in which clients invest.

**Subadvisors.** Clients should review Item 8 of the Subadvisor's Form ADV Part 2A for applicable risks associated with their investment strategy.

**Model portfolios** are designed to capture return and risk at market rates. This seeks to provide clients with diversification benefits help to smooth returns, reduce volatility and decrease asset-class and single-strategy risks. Risks specific to using model portfolios include the possibility that the model portfolio will underperform the market and the possibility that the model will not be able take advantage of opportunities that a non-model portfolio management approach might capture. Model portfolios entail inflation (purchasing power) risk, interest rate risk, economic risk, market risk, political/regulatory risk, and asset allocation risk – meaning that any given asset allocation strategy does not guarantee any specific result or profit nor protect against a loss.

## Item 9: Disciplinary Information

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### Criminal or Civil Actions

HFM and its management have not been involved in any criminal or civil action.

### Administrative Enforcement Proceedings

HFM and its management have not been involved in administrative enforcement proceedings.

### Self-Regulatory Organization Enforcement Proceedings

HFM and its management have not been involved in legal or disciplinary events that are material to

a client's or prospective client's evaluation of HFM or the integrity of its management.

## Item 10: Other Financial Industry Activities and Affiliations

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No HFM employee is registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

No HFM employee is registered, or have an application pending to register, as a futures commission merchant, commodity pool operator or a commodity trading advisor.

Michael P Palozzi is licensed and may engage in insurance product sales with our clients, for which he will receive additional compensation. Any commissions received through insurance sales do not offset advisory fees the client may pay for advisory services under HFM.

### Recommendations or Selections of Other Investment Advisors

HFM outsources asset management, where appropriate, to third-party investment advisors (subadvisors). This situation creates a conflict of interest. However, when referring clients to another investment advisor, the client's best interest and suitability of the other investment advisors will be the main determining factors of HFM. This relationship is disclosed to the client at the commencement of the advisory relationship. You are not obligated, contractually or otherwise, to use the services of any other investment advisors we recommend. Additionally, HFM will only recommend another investment advisor who is properly licensed or registered as an investment advisor in the state where the client resides.

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

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As a fiduciary, our firm and its associates have a duty of utmost good faith to act solely in the best interests of each client. Our clients entrust us with their funds and personal information, which in turn places a high standard on our conduct and integrity. Our fiduciary duty is a core aspect of our Code of Ethics and represents the expected basis of all of our dealings.

### Code of Ethics Description

This code does not attempt to identify all possible conflicts of interest, and literal compliance with each of its specific provisions will not shield associated persons from liability for personal trading or other conduct that violates a fiduciary duty to advisory clients. A summary of the Code of Ethics' Principles is outlined below.

- Integrity - Associated persons shall offer and provide professional services with integrity.

- Objectivity - Associated persons shall be objective in providing professional services to clients.
- Competence - Associated persons shall provide services to clients competently and maintain the necessary knowledge and skill to continue to do so in those areas in which they are engaged.
- Fairness - Associated persons shall perform professional services in a manner that is fair and reasonable to clients, principals, partners, and employers, and shall disclose conflict(s) of interest in providing such services.
- Confidentiality - Associated persons shall not disclose confidential client information without the specific consent of the client unless in response to proper legal process, or as required by law.
- Professionalism - Associated persons' conduct in all matter shall reflect credit of the profession.
- Diligence - Associated persons shall act diligently in providing professional services.

We periodically review and amend our Code of Ethics to ensure that it remains current, and we require all firm access persons to attest to their understanding of and adherence to the Code of Ethics at least annually. Our firm will provide of copy of its Code of Ethics to any client or prospective client upon request.

### **Investment Recommendations Involving a Material Financial Interest and Conflicts of Interest**

Neither our firm, its associates or any related person is authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a related person has a material financial interest, such as in the capacity as an underwriter, advisor to the issuer, etc.

### **Advisory Firm Purchase of Same Securities Recommended to Clients and Conflicts of Interest**

From time to time, representatives of HFM may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of HFM to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. HFM will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **Trading Securities at/Around the Same Time as Client's Securities**

Because our firm and its "related persons" do not invest in the same securities, or related securities, e.g., warrants, options or futures, which we recommend to clients, we do not trade in securities at or around the same time as clients.

# Item 12: Brokerage Practices

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## Factors Used to Select Custodians and/or Broker-Dealers

HFM Investment Advisors, LLC does not have any affiliation with Broker-Dealers. Specific custodian recommendations are made to client based on their need for such services and the Subadvisor providing investment advisory services. We recommend custodians based on the reputation and services provided by the firm.

HFM participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. HFM receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

## HFM Ignite

HFM also recommends Betterment Securities. Betterment Securities is responsible for execution of securities transactions and maintains custody of client assets. Betterment Securities exercises no discretion in determining if and when trades are placed; it places trades only at the direction of Betterment. Clients should understand that the appointment of Betterment Securities as the broker for their accounts held at Betterment may result in their receiving less favorable trade executions than may be available through the use of broker-dealers that are not affiliated with Betterment. Participation in the HFM Ignite platform requires clients to place assets with or execute trades through Betterment Securities. Additional information regarding Betterment Securities can be found on FINRA's BrokerCheck.

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

HFM has access to research, products, or other services from its broker/dealer in connection with client securities transactions ("soft dollar benefits") consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended, and may consider these benefits in recommending brokers. There can be no assurance that any particular client will benefit from any particular soft dollar research or other benefits. HFM benefits by not having to produce or pay for the research, products or services, and HFM will have an incentive to recommend a broker dealer based on receiving research or services. Clients should be aware that HFM's acceptance of soft dollar benefits may result in higher commissions charged to the client. The firm will act in the client's best interest to keep commissions and/or brokerage fees reasonable.

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

We receive 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

We do recommend a specific custodian for clients to use, however, clients may custody their assets at a custodian of their choice.

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

If HFM or a subadvisor buys or sells the same securities on behalf of more than one client, it might, but would be under no obligation to, aggregate or bunch, to the extent permitted by applicable law and regulations, the securities to be purchased or sold for multiple Clients in order to seek more favorable prices, lower brokerage commissions or more efficient execution. In such case, HFM or a subadvisor would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. HFM or a subadvisor would determine the appropriate number of shares to place with brokers and will select the appropriate brokers consistent with HFM and the subadvisor's duty to seek best execution, except for those accounts with specific brokerage direction (if any).

## Item 13: Review of Accounts

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Client accounts with the Investment Management Service will be reviewed regularly on at least an annual basis by Michael P. Pallozzi, President, CEO and CCO. The account is reviewed with regards to the client's investment policies and risk tolerance levels. Events that may trigger a special review would be unusual performance, addition or deletions of client-imposed restrictions, excessive draw-down, volatility in performance, or buy and sell decisions from the firm or per client's needs.

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

HFM may provide performance reports to Investment Management clients generated via the firm's data aggregation vendor. These reports should be reviewed by the client and compared to custodian account statements and performance reports.

## Item 14: Client Referrals and Other Compensation

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HFM receives compensation from third-party advisers to which it directs clients.

As disclosed under Item 12 above, HFM participates in TD Ameritrade's institutional customer program and HFM may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between HFM's participation in the program and the investment advice it gives to its Clients, although HFM receives economic benefits

through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving HFM participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to HFM by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by HFM's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit HFM but may not benefit its Client accounts. These products or services may assist HFM in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help HFM manage and further develop its business enterprise. The benefits received by HFM or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, HFM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by HFM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the HFM's choice of TD Ameritrade for custody and brokerage services.

HFM also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Salesforce, Concenter Services, Emoney Advisor, Asset Map, and Morningstar Advisor Workstation. TD Ameritrade provides the Additional Services to HFM in its sole discretion and at its own expense, and HFM does not pay any fees to TD Ameritrade for the Additional Services. HFM and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

HFM's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to HFM, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, HFM's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with HFM, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, HFM may have an incentive to recommend to its Clients that the assets under management by HFM be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. HFM's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including to seek best execution of trades for Client accounts.

## Item 15: Custody

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HFM does not accept custody of client funds; however, when HFM deducts fees directly from client

accounts at a selected custodian, HFM will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements or reports that we may provide to you.

## HFM Ignite

Betterment Securities maintains custody of Clients' assets that are managed by Betterment via HFM Ignite. Clients' account statements are available for review on the activity section of the Betterment for Advisors client portal. Clients receive periodic emails from Betterment with information about their accounts as well as links to account statements and they should carefully review those statements promptly.

## Item 16: Investment Discretion

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HFM provides discretionary and non-discretionary investment advisory services to clients. The Investment Advisory Agreement established with each client outlines the discretionary authority for trading and the selection of subadvisors. Where discretion has been granted, HFM generally manages the client's account and makes investment decisions (including the delegation to subadvisors of all or part of the client's portfolio) without consultation with the client as to what securities to buy or sell, when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, or the price per share.

## Item 17: Voting Client Securities

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HFM will not ask for, nor accept voting authority for client securities. Proxies for assets managed by a subadvisor, shall be voted by the subadvisor unless otherwise directed in writing by you in the custodian's or subadvisor's paperwork.

In such cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward you any electronic solicitation to vote proxies.

## Item 18: Financial Information

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Registered Investment Advisors are required in this Item to provide you with certain financial information or disclosures about our financial condition.

In light of the COVID-19 coronavirus and historic decline in market values, HFM has elected to participate in the CARES Act's Paycheck Protection Program ("PPP") to strengthen its balance sheet. HFM intends to use this loan predominantly to continue payroll for the firm and may ultimately seek loan forgiveness per the terms of the PPP. Due to this and other measures taken internally, HFM has been able to operate and continue serving its clients.

We do not have custody of client funds or securities or require or solicit prepayment of more than \$500 in fees per client six months in advance.

## Item 19: Requirements for State- Registered Advisors

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### **Michael P. Pallozzi**

Born: 1966

#### **Educational Background**

- 1989 – Bachelor of Arts, Rutgers University

#### **Business Experience**

- 06/2017 – Present, HFM Investment Advisors, LLC, President, CEO and CCO
- 05/14/2004 – 12/31/2017, HFM Investment Advisors, Inc., President
- 03/1989 – 10/2014, MML Investor Services, LLC, Broker/ Dealer
- 01/1989 – 07/2014, Mass Mutual Life Insurance, Registered Representative

### **Jason F. Gabrieli, CFP®**

Born: 1986

#### **Educational Background**

- 2009 – Bachelor of Science, Finance, University of Maryland College Park

#### **Business Experience**

- 06/2017 – Present, HFM Investment Advisors, LLC, Vice President
- 09/2014 – 12/31/2017, HFM Investment Advisors, Inc., Associate Wealth Advisor
- 04/2011 – Present, Events By GM LLC, Partner

- 07/2009 – 02/2014, MML Investors Services, Inc., Registered Representative
- 06/2008 – 02/2014, MassMutual Life Insurance Co., Career Agent
- 06/2001 – 04/2012, Steve and Company Productions, DJ

## **Professional Designations, Licensing & Exams**

**CFP (Certified Financial Planner) ®:** CFP® certificants must have a minimum of three years' workplace experience in financial planning and develop their theoretical and practical financial planning knowledge by completing a comprehensive course of study approved by CFP Board. They must pass a comprehensive 2-day, 10-hour CFP® Certification Examination that tests their ability to apply financial planning knowledge in an integrated format. As a final step to certification, CFP® practitioners agree to abide by a strict code of professional conduct.

## **Other Business Activities**

Michael P Pallozzi is licensed and may engage in insurance product sales with our clients, for which he will receive additional compensation. Any commissions received through insurance sales do not offset advisory fees the client may pay for advisory services under HFM.

## **Performance Based Fees**

HFM is not compensated by performance-based fees.

## **Material Disciplinary Disclosures**

No management person at HFM Investment Advisors, LLC has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

## **Material Relationships That Management Persons Have with Issuers of Securities**

HFM Investment Advisors, LLC, nor Michael P. Pallozzi, have any relationship or arrangement with issuers of securities.

## HFM Investment Advisors, LLC

209 Rowan Blvd  
Glassboro, NJ 08028  
(856) 232-2270  
www.hfmadvisors.com

### Form ADV Part 2B – Brochure Supplement

*For*

### **Michael P. Pallozzi**

President, CEO, and Chief Compliance Officer

This brochure supplement provides information about Michael P. Pallozzi that supplements the HFM Investment Advisors, LLC (“HFM”) brochure. A copy of that brochure precedes this supplement. Please contact Michael P. Pallozzi if the HFM brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about Michael P. Pallozzi is available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) which can be found using the identification number 1936691 5692911.

## Item 2: Educational Background and Business Experience

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**Michael P. Pallozzi**

Born: 1966

### **Educational Background**

- 1989 – Bachelor of Arts, Rutgers University

### **Business Experience**

- 01/2004 – Present, HFM Investment Advisors, LLC, President, CEO and CCO
- 05/14/2004 – 12/31/2017, HFM Investment Advisors, Inc., President
- 03/1989 – 10/2014, MML Investor Services, LLC, Broker/ Dealer
- 01/1989 – 07/2014, Mass Mutual Life Insurance, Registered Representative

## Item 3: Disciplinary Information

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No management person at HFM Investment Advisors, LLC has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

## Item 4: Other Business Activities

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Michael P. Pallozzi is licensed and may engage in insurance product sales with our clients, for which he will receive additional compensation. Any commissions received through insurance sales do not offset advisory fees the client may pay for advisory services under HFM.

## Item 5: Additional Compensation

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Michael P. Pallozzi does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through HFM.

## Item 6: Supervision

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Michael P. Pallozzi, as President, CEO and Chief Compliance Officer of HFM, is responsible for supervision. He may be contacted at the phone number on this brochure supplement.

## Item 7: Requirements for State Registered Advisors

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Michael P. Pallozzi has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.

# HFM Investment Advisors, LLC

209 Rowan Blvd  
Glassboro, NJ 08028  
(856) 232-2270  
www.hfmadvisors.com

## Form ADV Part 2B – Brochure Supplement

*For*

**Jason F. Gabrieli, CFP®**

Vice President

This brochure supplement provides information about Jason F. Gabrieli that supplements the HFM Investment Advisors, LLC (“HFM”) brochure. A copy of that brochure precedes this supplement. Please contact Jason F. Gabrieli if the HFM brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about Jason F. Gabrieli is available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) which can be found using the identification number 5692911.

## Item 2: Educational Background and Business Experience

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**Jason F. Gabrieli, CFP®**

Born: 1986

### Educational Background

- 2009 – Bachelor of Science, Finance, University of Maryland College Park

### Business Experience

- 06/2017 – Present, HFM Investment Advisors, LLC, Vice President
- 09/2014 – 12/31/2017, HFM Investment Advisors, Inc., Associate Wealth Advisor
- 04/2011 – Present, Events By GM LLC, Partner
- 07/2009 – 02/2014, MML Investors Services, Inc., Registered Representative
- 06/2008 – 02/2014, MassMutual Life Insurance Co., Career Agent
- 06/2001 – 04/2012, Steve and Company Productions, DJ

### Professional Designations, Licensing & Exams

**CFP (Certified Financial Planner) ®:** CFP® certificants must have a minimum of three years' workplace experience in financial planning and develop their theoretical and practical financial planning knowledge by completing a comprehensive course of study approved by CFP Board. They must pass a comprehensive 2-day, 10-hour CFP® Certification Examination that tests their ability to apply financial planning knowledge in an integrated format. As a final step to certification, CFP® practitioners agree to abide by a strict code of professional conduct.

## Item 3: Disciplinary Information

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No management person at HFM Investment Advisors, LLC has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

## Item 4: Other Business Activities

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Jason F. Gabrieli is not involved with outside business activities.

## Item 5: Additional Compensation

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Jason F. Gabrieli does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through HFM.

## Item 6: Supervision

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Michael P. Pallozzi, as President, CEO and Chief Compliance Officer of HFM, is responsible for supervision. He may be contacted at the phone number on this brochure supplement.

## Item 7: Requirements for State Registered Advisors

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Jason F. Gabrieli has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.

# HFM Investment Advisors, LLC

209 Rowan Blvd  
Glassboro, NJ 08028  
(856) 232-2270  
www.hfmadvisors.com

## Form ADV Part 2B – Brochure Supplement

*For*

**Catherine B. Allen-Carlozo, CFP<sup>®</sup>, RICP<sup>®</sup>**

Financial Advisor

This brochure supplement provides information about Catherine B. Allen-Carlozo that supplements the HFM Investment Advisors, LLC (“HFM”) brochure. A copy of that brochure precedes this supplement. Please contact Catherine B. Allen-Carlozo if the HFM brochure is not included with this supplement or if you have any questions about the contents of this supplement.

Additional information about Catherine B. Allen-Carlozo is available on the SEC’s website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov) which can be found using the identification number 1518104.

## Item 2: Educational Background and Business Experience

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**Catherine B. Allen-Carlozo, CFP® , RICP®**

Born: 1961

### **Educational Background**

- 1989 – Bachelor of Science, Finance, Rider University

### **Business Experience**

- 10/2018 – Present, HFM Investment Advisors, LLC, Investor Coach
- 09/2010 – 10/2018, M Financial Planning Services, Inc, Investment Advisor Representative
- 09/2009 – 10/2018, LPL Financial, Registered Representative

### **Professional Designations, Licensing & Exams**

**CFP® (CERTIFIED FINANCIAL PLANNER™):** CFP® certificants must have a minimum of three years' workplace experience in financial planning and develop their theoretical and practical financial planning knowledge by completing a comprehensive course of study approved by CFP Board. They must pass a comprehensive 2-day, 10-hour CFP® Certification Examination that tests their ability to apply financial planning knowledge in an integrated format. As a final step to certification, CFP® practitioners agree to abide by a strict code of professional conduct.

**RICP® (Retirement Income Certified Professional):** Offered by the American College in Bryn Mawr, Pa., the RICP® is an advanced designation for individuals working in the retirement income planning field. Candidates for the RICP® designation must complete a minimum of three college-level courses and are required to pass a series of two-hour proctored exams. They must also have three years of experience, meet stringent ethics requirements, and participate in The College's continuing education program. The rigorous three-course credential helps advisors master retirement income planning, a key focus area not fully covered in other professional designation programs.

## Item 3: Disciplinary Information

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No management person at HFM Investment Advisors, LLC has ever been involved in an arbitration claim of any kind or been found liable in a civil, self-regulatory organization, or administrative proceeding.

## Item 4: Other Business Activities

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Catherine B. Allen-Carlozo is not involved with outside business activities.

## Item 5: Additional Compensation

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Catherine B. Allen-Carlozo does not receive any economic benefit from any person, company, or organization, in exchange for providing clients advisory services through HFM.

## Item 6: Supervision

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Michael P. Pallozzi, as President, CEO and Chief Compliance Officer of HFM, is responsible for supervision. He may be contacted at the phone number on this brochure supplement.

## Item 7: Requirements for State Registered Advisors

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Catherine B. Allen-Carlozo has NOT been involved in an arbitration, civil proceeding, self-regulatory proceeding, administrative proceeding, or a bankruptcy petition.