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**HC FINANCIAL ADVISORS, INC.**

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## **HC FINANCIAL ADVISORS, INC.**

*HC Financial Advisors, Inc.* is a financial planning and investment advisory firm that offers services on a fee-only basis. We are based in Lafayette, California and have been serving clients throughout the Bay Area and beyond for over twenty years. Our goal is to offer each client personalized service, comprehensive financial management and conservative investment advice.

*HC Financial Advisors, Inc.* is registered with the Securities and Exchange Commission.

3685 Mt. Diablo Blvd., Suite 200  
Lafayette, California 94549

Phone: (925) 299-1800  
Fax: (925) 299-1812  
Email: [info@hcfincial.com](mailto:info@hcfincial.com)  
[www.hcfincial.com](http://www.hcfincial.com)

## OUR SERVICES

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*HC Financial Advisors, Inc.* is an investment advisory firm offering comprehensive financial management to individuals and their families. Our clients are charged an annual fee that covers both financial planning services and ongoing investment management.

*Our services include:*

- Preparation of a comprehensive financial plan that identifies the client's objectives and provides analysis of their assets, cash flow, insurance, income taxes, retirement needs, and estate planning needs.
- Development and implementation of an investment plan that balances the client's specific need for growth and income with their tolerance for risk and portfolio volatility.
- Continuous monitoring of investments, markets, and the client's situation.
- Rebalancing of investments and help managing cash flows into or out of the client's investment accounts.
- Regular meetings with the client to review their goals and objectives, financial plans, and investments.
- Coordination with other professionals, including the client's estate planning attorney, accountant, and/or insurance agent to ensure that all of the client's financial needs are met.
- Portfolio reporting, including quarterly investment appraisals, year-end portfolio performance analysis, and annual tax reports.

## OUR RELATIONSHIP WITH CLIENTS

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Our goal at *HC Financial Advisors, Inc.* is to make our clients' financial position as secure as possible. We want our clients to feel comfortable with their overall financial plan and with each of their investments. We will apply our extensive professional experience to your investments just as carefully as we direct our efforts to the \$170 million that we currently manage.

*We have built our business on the following principles:*

- We want to provide personalized service that meets the individual needs and desires of our clients.
- Our clients are best served by a team of experienced and highly educated professionals working together.
- Effective financial management requires an integrated approach that includes both financial planning and investment management.
- Educating clients and helping them make prudent financial decisions is our responsibility as advisors.
- We take our fiduciary role seriously and believe it is important to earn your trust by consistently providing quality, informed and unbiased advice.
- Our approach to planning emphasizes a long term relationship with our clients and their families.

## OUR FINANCIAL PLANNING PROCESS

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The financial planning process involves gathering client data, analyzing and evaluating the client's financial status, and developing and presenting recommendations and/or alternatives. We recommend periodic reviews of a plan to incorporate new information as well as changes in the client's life. The true success of a plan is the implementation of the financial planning recommendations and the client achieving their goals.

A comprehensive plan reviews all aspects of a client's financial life and includes the following sections:

*Goals and objectives* – what you want to accomplish financially in your life.

*Values* – what is important to you and how you want to live your life.

*Analysis of the following topics* –

- Investments
- Cash Flow
- Income Taxes
- Insurance
- Retirement Plans
- Estate Plans

*Retirement Projections* – development of several scenarios which project assets as well as cash flow over a number of years.

*Recommendations* – suggested changes within each topic that we feel will help you accomplish your goals and objectives within your stated values.

The preparation of a financial plan is the first step for the client in organizing their finances and developing a “roadmap” toward financial security. We are here to help you implement and monitor the financial plan that you determine will best suit your needs.

## OUR INVESTMENT APPROACH

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Investments are selected to meet the goals and objectives of the client as well as to offer diversification, adequate cash flow, capital appreciation potential, and appropriate tax shelter. We are experienced in managing portfolios of individual stocks and bonds as well as mutual funds.

Our philosophy in managing stock portfolios is to look for stable, well capitalized stocks with a record of steady growth in both sales and earnings that look attractively priced by various valuation measures. We keep in mind the client's need for safety, capital appreciation, and yield, and use these criteria in building an industry-balanced portfolio. We purchase securities with the intention of holding them long term. We continually monitor the stock holdings of all clients in order to keep informed about changes in sales, earnings, and events at each company.

When clients do not have sufficient assets to purchase individual stocks or when clients prefer to use the additional diversification available with mutual funds, we use no-load mutual funds to construct a portfolio. We select funds which have a consistent, long term track record, stable management, low fees, and conservative investment policies. In order to build a diversified portfolio, we select funds with different investment philosophies such as value, growth, large cap, small/medium cap, and international.

Our primary concern in managing fixed income investments is safety of principal. We typically build portfolios of quality bonds and government obligations with staggered maturities over a 1 to 8 year period. Our intent is to hold these investments until maturity. This strategy reduces the interest rate sensitivity of the portfolio and helps to insure safety of principal.

## OUR BACKGROUNDS

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### **PEGGY S. CABANISS, CFP**

Peggy is President of HC Financial Advisors and has worked for over 25 years in the investment field as an investment advisor and financial planner. A CFP since 1986, she has been a long term member of NAPFA (National Association of Personal Financial Advisors) and FPA (Financial Planning Association). Peggy was elected to NAPFA's National Board in 2003 and served as the Chair for the 2005/2006 year. She holds a B.S. in math from the University of Arizona and a M.S. in information science from the University of California at Los Angeles. For six years, Peggy was named one of the top financial advisors in the country by Worth magazine. Recently, she was listed in Wealth Manager magazine as one of 50 Distinguished Women in Wealth Management who have contributed to the role of women in the profession.

### **SUSAN B. WILSON, CFA**

Susan leads the research and portfolio management responsibilities in the office. She has worked in this capacity at HC Financial Advisors for over 20 years. Prior to this time, she worked for a private family wealth management firm in San Francisco. She is a Chartered Financial Analyst and a member of the CFA Institute of San Francisco. Susan served as an arbitrator for the National Association of Securities Dealers from 1998 to 2004. She graduated with honors from the University of California at Berkeley with a degree in political science.

### **STEPHEN C. BIGGS, CFA**

Steve joined HC Financial Advisors, Inc. in 2008 as an Equity Analyst and Portfolio Manager. His background includes experience in fundamental equity research, stock selection and portfolio management. For five years, Steve was the Senior Equity Analyst for Technology at Zacks Investment Research, an independent research organization that provides information to brokerage houses and institutional investors on stocks in all sectors of the market. Steve also worked at Wells Capital Management, the institutional investment management division of Wells Fargo Bank, where he co-managed the Wells Fargo Growth Fund. Steve is a Chartered Financial Analyst with an undergraduate degree in business administration and a master's degree in finance.

## OUR BACKGROUNDS

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### **ANITA SINGH**

Anita is a financial planner who works with clients on a variety of financial planning matters. She has an extensive analytical background and helps with detailed analysis and financial modeling on behalf of our clients. Before joining HC Financial Advisors, Anita worked as a wealth manager for a major financial services company. She holds an engineering degree from the University of California at Davis and an MBA from the University of San Francisco. In addition, she is currently studying for the Certified Financial Planner examination.

### **KARLA McAVOY**

Karla McAvoy works with clients in providing financial planning services and retirement forecasts. Karla received her Bachelor of Arts in Economics from University of California at Davis and graduated with honors. She also received an MBA from Santa Clara University in 2001. She has completed the course work and passed the exam for the Certified Financial Planner certificate. Before branching into financial planning, Karla worked as a software engineer at Bank of America and PeopleSoft. At PeopleSoft, she developed educational programs for the company's customers and managed a 50 person Educational Services department for customer training.

### **KAREN MINNIS**

Karen is our Office Manager. She is a graduate of Holy Names College in Oakland where she graduated with honors in June 1996 with a degree in business administration/human resources management. Prior to joining HC Financial Advisors, Karen was with the Orinda Union School District for ten years where she was coordinator of business services.

### **KATHY SYLVESTER**

Kathy maintains accounting and portfolio reports for all investment clients. She graduated from Holy Names College in Oakland with a degree in history. Before joining HC Financial Advisors, Kathy was the owner of Giorgio's Coffee and Bakery shop in Danville.

## **FEE SCHEDULE**

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As fee-only financial advisors, we are compensated solely from fees paid by our clients and do not accept commissions or compensation from other sources. This fee-only method of compensation provides us with the independence to select the best solutions for our clients.

### **INVESTMENT MANAGEMENT – ANNUAL FEE**

The annual fee for investment management is based on the assets we manage. The fee includes both ongoing investment management and financial planning. Services include the selection and ongoing management of investments, preparation of a financial plan, annual meetings to review investments and financial plans, reporting on investment holdings and performance, year-end tax reporting for taxable (non-qualified) investment accounts and ongoing education on a variety of investment and financial topics. As needed, we also provide coordination between tax preparers, estate planning attorneys and insurance providers.

The charge for investment management is approximately 1% for the first \$1,000,000 under management plus .75% for additional assets under management. The minimum fee for this service is \$10,000 (\$1,000,000 under management).

Our annual fee is calculated at the beginning of each year by applying the fee schedule to the prior year's ending values for the managed assets. This annual fee is then divided into four equal parts, which are billed at the end of each quarter. Most of our clients prefer to have their fee deducted directly from their investment accounts.

Additional fees may apply to clients needing services beyond those described here; however, these additional fees are not common and are always approved by the client in advance.

## **FEE SCHEDULE**

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### **FINANCIAL PLANNING – HOURLY FEE**

Effective July 1, 2007, we are no longer accepting new hourly financial planning engagements. We feel that we can best help clients achieve their goals by working with them on both the creation and implementation of their financial plans – a process that takes time and more frequent interactions. We would welcome the opportunity to talk to you about ongoing investment management, which includes comprehensive financial planning services.

Financial planning clients who worked with us on an hourly basis prior to July 1, 2007 may return periodically for plan updates. In addition, we may work with associates and family members of existing clients on an hourly basis. This work is billed at a current rate of \$250 per hour.

There is no charge for a preliminary, one hour informational meeting about our firm, its services, and our investment philosophy. In looking for a financial advisor, we recommend that potential clients consider the following issues:

- What is the philosophy of the advisor with regard to investments and the financial planning process?
- What are the credentials and experience of the advisor and their staff?
- What does a typical financial plan and investment portfolio look like?
- What responsibilities does the client have?

## FREQUENTLY ASKED QUESTIONS

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*What types of clients do you work with?*

We work mainly with individuals and families. Our clients include professionals, business owners, corporate executives, retirees, and families needing intergenerational financial planning. Oftentimes, new clients contact us for the first time when they are confronted with a transition of some sort, like retirement, the loss of a spouse, a career change, starting a new business, or an inheritance. These clients benefit from our experience in developing retirement forecasts, administering estates and managing trusts, planning for family and charitable gifting, rolling over old retirement accounts, and recommending small business retirement plans.

*How do you find new clients?*

Most new clients come to us through referrals from existing clients or professionals we have worked with over the years. This referral-based growth has allowed us to develop our business steadily without losing focus on our existing clients.

*Do you work with clients outside the Bay Area?*

Most clients begin working with us while living in the Bay Area, but we have maintained many good relationships with clients who have moved from the area to retire or as part of a job change. We now have clients throughout California, as well as Oregon, Colorado, New York and Vermont.

*Will you provide financial planning advice without ongoing investment management?*

Financial planning and investment management are part of an integrated financial management process we have developed, and as such, we do not offer financial planning on a standalone basis. We feel we have the greatest probability of success when we help clients in both areas. Our standard management fee covers both financial planning and investment management.

## FREQUENTLY ASKED QUESTIONS

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*How often do you meet with your clients?*

We need to meet with new clients more frequently to get to know each other and to develop plans. Once the relationships are more established, we like to meet at least annually, but encourage clients to come in whenever they have a major change in their life, if they need help with a financial decision, or when they have questions pertaining to their finances.

*Who will I be working with at the firm?*

We take a team approach to working with our clients. While a primary advisor is typically assigned to each client, other professionals in the firm are involved in the relationship. In addition to providing capable back-up for our clients, we believe that we all do our best work as part of a team.

*What types of reports will I receive for my investment accounts?*

We send quarterly portfolio appraisals for each account that we manage. These appraisals are accompanied by a letter in which we share our current view of the investment environment, the economy, financial markets, and any modifications to our strategy. We send portfolio performance reports at the end of each year, and we prepare tax reports around February for the prior year's activity. In addition, our clients continue to receive monthly or quarterly brokerage statements directly from their broker.

*Will I have to sell all of my current investments to work with you?*

Many clients come to us with appreciated securities that cannot be sold without capital gains consequences. We frequently find that these holdings fit nicely into the overall investment plan for the client. If we feel there is a need for significant or rapid change to a portfolio, it will be discussed with the client in advance. Otherwise, we will implement the investment plans gradually over a period of months and sometimes years.

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### **DIRECTIONS TO DESCO PLAZA:**

From Oakland or San Francisco:

1. Take Highway 24 through the Caldecott Tunnel.
2. Exit at the Acalanes Road/Mt. Diablo Blvd. exit.
3. At the stoplight, proceed straight on Mt. Diablo Blvd. for 1.4 miles to Desco Plaza.
4. Turn right into the driveway marked 3685 Mt. Diablo Blvd.

From Walnut Creek:

1. Take Highway 24 and exit at the Central Lafayette exit.
2. At the signal, turn right and continue the right turn onto First Street (looping back under the freeway).
3. At the second light, turn right onto Mt. Diablo Blvd.
4. Proceed west 0.7 miles to Desco Plaza.
5. Turn left into the driveway marked 3685 Mt. Diablo Blvd.

Parking:

Visitor parking is available in the front of the building. There is an additional parking lot behind the building.

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[www.hcfincial.com](http://www.hcfincial.com)