

Part 2A of Form ADV: *Firm Brochure*

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March 30, 2026

This brochure provides information about the qualifications and business practices of Holmes Investment Management, Inc. (hereinafter “Holmes” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (508) 941-5888 or at hholmes@hhria.com. 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.

Additional information about Holmes is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for Holmes is 123920.

Item 2. Summary of Material Changes

We have the following material change to report since the last annual update of this firm brochure dated February 27, 2025:

- The Firm has updated its disclosure regarding its use of proprietary model portfolios. Specifically, the Firm now offers factor-based equity model portfolios that are managed and rebalanced at the strategy level. Client accounts are allocated to these model portfolios based on individual risk profiles, but the underlying model portfolios themselves are not customized for individual clients.

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Item 4. Advisory Business

Holmes Investment Management, Inc. (“Holmes”) is a fee-based Massachusetts-registered investment adviser with its principal place of business located in Brockton, Massachusetts. We have been in business since 1999, with Howard J. Holmes as the sole direct owner, President, and Chief Compliance Officer.

As of December 31, 2025, we had \$49,504,256 of client assets under discretionary management and no client assets under non-discretionary management.

Investment Supervisory Services

Our firm provides continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. We may also review and discuss a client's prior investment history, as well as family composition and background.

In addition to traditional portfolio management, the Firm offers clients access to a limited number of proprietary model portfolios. These model portfolios consist of factor-based equity strategies, each with its own investment objective and rebalance schedule. The Firm manages and rebalances these model portfolios at the strategy level, meaning that investment decisions are made for the model portfolio as a whole rather than for any individual client. As a result, all clients invested in a particular model portfolio will generally experience the same changes to the underlying holdings when the model is updated.

While the underlying model portfolios are not customized, the Firm provides individualized asset allocation recommendations. Each client's allocation to a model portfolio is determined based on the client's investment objectives, risk tolerance, and financial circumstances. The portion of a client's account not allocated to a model portfolio is typically invested in cash equivalents, money market funds, or U.S. Treasury securities.

We will manage advisory accounts on a discretionary and non-discretionary basis. For clients participating in model portfolios, the Firm typically implements changes to the model portfolios, including periodic rebalancing, on a discretionary basis without obtaining prior client approval for each transaction. Account supervision is guided by the stated objectives of the client (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations. Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will generally include advice regarding “no-load” or “load-waived” mutual funds, individual equities, bonds and other investment products.

Financial Planning Services

We provide financial planning services. 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. Through the financial planning process, all questions, information and analysis are considered as they impact and are impacted by the entire financial and life situation of the client. Clients purchasing this service receive a written report which provides the client with a detailed financial plan designed to assist the client achieve his or her financial goals and objectives.

In general, the financial plan can address any or all of the following areas:

- **PERSONAL:** We review family records, budgeting, personal liability, estate information and financial goals.
- **TAX & CASH FLOW:** We analyze the client's income tax and spending and planning for past, current and future years; then illustrate the impact of various investments on the client's current income tax and future tax liability.
- **INVESTMENTS:** We analyze investment alternatives and their effect on the client's portfolio.
- **INSURANCE:** We review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home and automobile.
- **RETIREMENT:** We analyze current strategies and investment plans to help the client achieve his or her retirement goals.
- **DEATH & DISABILITY:** We review the client's cash needs at death, income needs of surviving dependents, estate planning and disability income.
- **ESTATE:** We assist the client in assessing and developing long-term strategies, including as appropriate, living trusts, wills, review estate tax, powers of attorney, asset protection plans, nursing homes, Medicaid and elder law.

We gather required information through in-depth personal interviews. Information gathered includes the client's current financial status, tax status, future goals, returns objectives and attitudes towards risk. We carefully review documents supplied by the client, including a questionnaire completed by the client, and prepare a written report. Should the client choose to implement the recommendations contained in the plan, we suggest the client work closely with his/her attorney, accountant, insurance agent, and/or stockbroker. Implementation of financial plan recommendations is entirely at the client's discretion.

We also provide general non-securities advice on topics that may include tax and budgetary planning, estate planning and business planning.

Typically, the financial plan is presented to the client within 2 weeks of the contract date, provided that all information needed to prepare the financial plan has been promptly provided.

Financial Planning recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

Item 5. Fees and Compensation

Investment Supervisory Services

Our fees for Investment Supervisory Services are charged in one of two ways, either as a percentage of assets under management, or as a fixed fee calculated based on the amount of assets under management. In either situation, the annual advisory fee will never exceed 1.00% of assets under management and includes Financial Planning services at no additional charge.

Holmes will quote an exact percentage to each client based on both the nature and total dollar value of that account, as well as the client's personal circumstances and financial goals.

Financial Planning Fees

We do not charge Investment Supervisory Services clients a separate fee for Financial Planning services.

For financial planning only clients, our fee is determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our fee is calculated and charged on a fixed fee basis. The typical financial plan costs \$2,000. We typically request a retainer of approximately \$1,000 upon completion of our initial fact-finding session with the client. However, advance payment will never exceed \$500 for work that will not be completed within six months. The balance is due upon completion of the financial plan.

Fees in General

Our fees are billed in arrears at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous quarter.

Our fees are directly debited from the client's custodial account. We will ask the client's written authorization to directly debit advisory fees from the client's account. In this situation, we will send to the client a Fee Statement showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which our fee was calculated. We will send a Fee Statement to the custodian indicating only the

amount of the fee to be paid by the custodian. It is the client's responsibility to verify the accuracy of the fee calculation and to understand that the custodian will not determine whether the fee is properly calculated. The custodian will send to the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of the advisory fees paid directly to our firm.

Fees are negotiable based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with client, etc.). Discounts, not generally available to our advisory clients, may be offered to family members and friends.

We may group certain related client accounts for the purposes of determining the account size and/or annualized fee.

Under no circumstances will we earn fees in excess of \$500 more than six months in advance of services rendered, as we do not require or solicit prepayment of any fees.

Account Termination

Clients will have a period of five (5) business days from the date of signing the agreement to unconditionally rescind the agreement and receive a full refund of all fees. Thereafter, the client may terminate the agreement by providing us with a 30 day written notice at our principal place of business. Upon termination of any account, any earned, unpaid fees through the date of termination of the account fees will be due and payable.

Mutual Fund Fees and Expenses: All fees paid to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. A client could invest in a mutual fund or directly, without the services of our firm. In that case, the client would not receive the services provided by us which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Brokerage and Custodian Fees

In addition to advisory fees paid to our firm, clients will also be responsible for all transaction, brokerage, and custodian fees incurred as part of their account management. Please see Item 12 of this Brochure for important disclosures regarding our brokerage practices.

Item 6. Performance-Based Fees and Side-By-Side Management

We do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Our firm generally provides advisory services to individuals, trusts, estates, charitable organizations, and other business entities.

We do not require a minimum account size or minimum fee.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Our firm employs the following types of analysis to formulate client recommendations.

Mutual fund analysis: We look at the experience and track record of the manager of the mutual fund 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 also look at the underlying assets in a mutual fund in an attempt to determine if there is significant overlap in the underlying investments held in other fund in the client's portfolio. We also monitor the funds in an attempt to determine if they are continuing to follow their stated investment strategy.

A risk of mutual fund analysis is that, as in all securities investments, past performance does not guarantee future results. A manager who has been successful may not be able to replicate that success in the future. In addition, as we do not control the underlying investments in a fund, managers of different funds held by the client may purchase the same security, increasing the risk to the client if that security were to fall in value. There is also a risk that a manager may deviate from the stated investment mandate or strategy of the fund, which could make the fund less suitable of the client's portfolio.

Fundamental Analysis: We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Technical Analysis: We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Cyclical analysis: In this type of technical analysis, we measure the movements of a particular stock against the overall market in an attempt to predict the price movement of the security. Since cyclical analysis is based on examination of rising and falling trends,

investors bear risk of mis-timing, with a specific trend lasting longer or shorter than expected.

Model Portfolio and Factor-Based Investing: The Firm utilizes proprietary model portfolios consisting primarily of factor-based equity strategies. These strategies seek to capture specific drivers of return (such as value, momentum, quality, or other factors) through a systematic investment approach. Each model portfolio is managed according to its stated objective and is rebalanced periodically (e.g., monthly or at other intervals).

The Firm combines these model portfolios with client-specific allocations to fixed income or cash equivalents based on the client's risk profile.

Risks for all forms of analysis: Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Model Portfolio Risk: The Firm's model portfolios are managed uniformly across multiple client accounts. The performance of a client's account will depend on the performance of the model portfolio selected, and the model may not perform as intended.

Lack of Security-Level Customization Risk: Because investment decisions are made at the model level, the Firm does not tailor individual security selections to each client. This may result in less customization than other advisory approaches.

Rebalancing Risk: Model portfolios are rebalanced periodically, which may result in increased transaction costs and potential tax consequences.

Our firm employs the following investment strategies to implement investment advice given to clients:

Long-term purchases: We mostly purchase securities with the idea of holding them in the clients account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

Short-term purchases: At times, we may also purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

A risk in a short-term purchase strategy is that, should the anticipated price swing not materialize, we are left with the option of having a long-term investment in a security that was designed to be a short-term purchase, or potentially taking a loss. In addition, this strategy involves more frequent trading than does a longer-term strategy, and will result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Trading: We purchase securities with the idea of selling them very quickly (typically within 30 days or less). We do this in an attempt to take advantage of our predictions of brief price swings.

Short Sales: We borrow shares of a stock for your portfolio from someone who owns the stock on a promise to replace the shares on a future date at a certain price. We then sell the shares we have borrowed. On the agreed-upon future date, we buy the same stock and return the shares to the original owner. We engage in short selling based on our determination that the stock will go down in price after we have borrowed the shares. If we are correct and the stock has gone down since we purchased the shares from the original owner, we keep the difference.

Margin Transactions: We will purchase stocks for your portfolio with money borrowed from your brokerage account. This allows you to purchase more stock than you would be able to with your available cash, and allows us to purchase stock without selling other holdings.

Option Writing: We may use options as an investment strategy. An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an asset (such as a share of stock) at a specific price on or before a certain date. An option, just like a stock or bond, is a security. An option is also a derivative, because it derives its value from an underlying asset. Options on securities may be subject to greater fluctuations in value than an investment in the underlying securities. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary investment risks. The two types of options are calls and puts:

- A call gives us the right to buy an asset at a certain price within a specific period of time. We will buy a call if we have determined that the stock will increase substantially before the option expires.
- A put gives us the holder the right to sell an asset at a certain price within a specific period of time. We will buy a put if we have determined that the price of the stock will fall before the option expires.

The most common strategy is the shorting of uncovered/ naked equity or index puts. This is an income strategy. There is risk of loss and volatility. However, these risks are measured and mitigated using the “Greeks”.

The other two strategies are the shorting of uncovered/ naked equity or index calls. The third strategy is a combination of a short put and call with different strikes but same expirations. This is the Strangle Strategy.

These strategies are only available to approved clients.

Clients should understand that investing in any securities, including mutual funds, involves a risk of loss of both income and principal.

Item 9. Disciplinary Information

Our firm has no reportable disciplinary events to disclose.

Massachusetts law requires disclosure that information on disciplinary history and the registration of Holmes Investment Management, Inc. and its associated persons may be obtained by contacting the SEC's Office of Investor Education and Advocacy at (800) 732-0330 or by completing the SEC's online complaint form or question form. Disciplinary history may also be obtained from the Massachusetts Securities Division at (617) 727-3548, and if asked, Holmes Investment Management, Inc. and its associated persons must also disclose the history.

Item 10. Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Holmes owes a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Holmes' Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to hholmes@hhria.com, or by calling us at (508) 941-5888.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's President/Chief Compliance Officer.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgement of the Code of Ethics by each supervised person of our firm.
10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to termination.

Item 12. Brokerage Practices

We do not have any formal or informal soft-dollar arrangements and do not receive any soft-dollar benefits.

Investment Supervisory Services

We do not exercise discretionary authority to select broker-dealers for client accounts. Clients retain the responsibility for selecting the broker-dealer or custodian used for their accounts. While clients direct brokerage, the Firm may recommend that clients establish accounts with Charles Schwab & Co., Inc. (“Schwab”) for custody and execution services. Clients are not obligated to follow this recommendation and may select another qualified broker-dealer. Holmes is independently owned and operated and not affiliated with Schwab.

Although clients direct the selection of the broker-dealer, the Firm may exercise discretionary authority to implement investment decisions, including placing trades, within the client’s account at the selected broker-dealer. The Firm does not negotiate brokerage commissions or transaction costs when a client directs the use of a particular broker-dealer.

Schwab provides Holmes with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. Schwab's services include the execution of securities transactions, custody, research, and access to mutual funds and other investments. Schwab makes these services available to us on an unsolicited basis at no charge. These services are not contingent upon our firm committing to Schwab any specific amount of business (assets in custody or trading commissions).

For our client accounts maintained in its custody, Schwab does not charge fees or commissions on mutual funds, ETFs, or stock and bond trades. However, there is a \$0.65 per contract commission charge on options.

Schwab Institutional also makes available to our firm other products and services that benefit Holmes but may not directly benefit our clients' accounts. Many of these products and services may be used to service all or some substantial number of our client accounts, including accounts not maintained at Schwab.

Schwab's products and services that assist us in managing and administering our clients' accounts include software and other technology that:

- provide access to client account data (such as trade confirmations and account statements);
- facilitate trade execution and allocate aggregated trade orders for multiple client accounts;
- provide research, pricing and other market data;
- facilitate payment of our fees from clients' accounts; and
- assist with back-office functions, recordkeeping and client reporting.

Schwab Institutional also offers other services intended to help us manage and further develop our business enterprise. These services may include:

- compliance, legal and business consulting;
- publications and conferences on practice management and business succession; and

- access to employee benefits providers, human capital consultants and insurance providers.

Schwab may make available, arrange and/or pay third-party vendors for the types of services rendered to Holmes. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to our firm. Schwab Institutional may also provide other benefits such as educational events or occasional business entertainment of our personnel. In evaluating whether to recommend or require that clients custody their assets at Schwab, we may take into account the availability of some of the foregoing products and services and other arrangements as part of the total mix of factors we consider and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Trade Aggregation

Holmes will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. We will typically aggregate trades among clients whose accounts can be traded at a given broker, and generally will rotate or vary the order of brokers through which it places trades for clients on any particular day. Our block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Holmes, or our firm's order allocation policy.
- 2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.
- 3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable us to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.
- 4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.

5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) If the order will be allocated in a manner other than that stated in the initial statement of allocation, a written explanation of the change must be provided to and approved by the President/Chief Compliance Officer no later than the morning following the execution of the aggregate trade.

8) Holmes' client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

9) Funds and securities for aggregated orders are clearly identified on our records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

10) No client or account will be favored over another.

When implementing changes to model portfolios, the Firm typically places trades across multiple client accounts at the client's selected custodian. These transactions may be executed in a block or aggregated manner and allocated in accordance with the Firm's trade allocation policies to ensure fairness among clients.

Item 13. Review of Accounts

Investment Supervisory Services

Howard Holmes, President/Chief Compliance Officer, will continuously monitor the underlying securities in client accounts and perform at least monthly reviews of account holdings for all clients. Accounts are reviewed for consistency with client investment strategy, asset allocation, risk tolerance and performance relative to the appropriate benchmark.

For clients invested in model portfolios, the Firm reviews both the client's overall allocation and the underlying model portfolios. Model portfolios are monitored and adjusted at the strategy level based on their stated objectives, and changes (including

rebalancing) are generally applied consistently across all client accounts invested in a given model.

More frequent reviews may be triggered by changes in a client's personal, tax, or financial status, as well as by economic or market events

Clients receive monthly statements and confirmations of transactions from their broker dealer. We do not send additional reports or statements to clients.

Financial Planning Services

While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Financial Planning clients unless otherwise contracted for.

Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for.

Item 14. Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

1. the Solicitor's name and relationship with our firm;
2. the fact that the Solicitor is being paid a referral fee;
3. the amount of the fee; and
4. whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

OTHER COMPENSATION

It is our firm's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15. Custody

We previously disclosed in the Fees and Compensation section (Item 5) of this brochure that our firm directly debits advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is

required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

Item 16. Investment Discretion

For clients granting us discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for their account(s), we request that such authority be granted in writing, typically in the executed investment management agreement.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing.

For clients invested in model portfolios, the Firm typically exercises discretionary authority to implement and rebalance positions in accordance with changes to the model portfolios without obtaining prior client consent for each transaction.

Item 17. Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. We do not offer any consulting assistance regarding proxy issues to clients.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18. Financial Information

Under no circumstances will we earn fees in excess of \$500 more than six months in advance of services rendered, as we do not require or solicit prepayment of any fees.

Item 19. Requirements for State-Registered Advisers

Howard Holmes is the sole owner of Holmes Investment Management, Inc. Mr. Holmes is not engaged in any business activities other than being President and Chief Compliance Officer of Holmes Investment Management, Inc.

Mr. Holmes' education and business background can be found in the Supplement to this Brochure (Part 2B of Form ADV Part 2).