

FORM CRS – CUSTOMER RELATIONSHIP SUMMARY

June 2023

Item 1. Introduction

Howard Financial Services, Ltd. ("HFS") is registered with the Securities and Exchange Commission (SEC) as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

Item 2. Relationship and Services

What investment services and advice can you provide me?

We offer investment advisory (which includes financial planning) services to retail investors, including individuals, high net worth individuals, pension and profit-sharing plans, trusts, estates, charitable organizations, and affiliated entities. This service is provided through the HFS Wealth Management division of the firm. The services include the determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review and needs analysis, investment review and/or management, education funding, and retirement and estate planning. In addition, we help small businesses design their organizational structure, plan for succession, structure employee benefits, and with general business consultative services.

Our primary investment strategy is strategic asset allocation of equity, fixed income, and alternative investments. If you hire us to manage your investments and maintain responsibility for investment implementation and oversight, we will prepare an Investment Policy Statement that documents aspects of your financial affairs and how your accounts will be invested. You may impose restrictions on investments HFS manages on your behalf including sectors and types of securities. As your goals change over time, we will suggest changes and implement them as appropriate.

Our investment management services provide ongoing monitoring of your accounts. We manage your investments in light of market conditions, your goals, and risk tolerance. We typically receive discretionary investment authority at the onset of an advisory relationship. When you grant us discretionary authority, you provide us the authority to determine the investments to buy or sell in your account on an ongoing basis.

If deemed appropriate, we may hire a Sub-Advisor to manage a portion of, or your entire account. In these circumstances, we will continue to monitor the activity of the Sub-Advisor to ensure they are the best fit for your needs.

We may recommend affiliated investment funds to clients who meet certain net worth and/or annual income requirements and with a certain level of investment sophistication. This service is provided through the HFS Capital Partners division of the firm. All potential investors are provided offering documents prior to making an investment. The offering periods for our partnerships range from 30 days to 12 months or more. Investments in affiliated funds are executed on a non-discretionary basis. In cases where we have non-discretionary trading authority, you are responsible for making your own investment decisions.

Requirements to open and maintain an account: The minimum account size for investment management is \$750,000. We have discretion to waive the account minimum and annual fee.

Additional information. Please see Form ADV, Part 2A Brochure (Items 4, 7, 8, 11, 12, 13, 16 & 17) by using the following link to the documents: [Form ADV Part 2A](#)

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

Item 3. Fees, Costs, Conflicts of Interest

What fees will I pay?

We base our fees on a percentage of the value of assets under management, hourly charges, or fixed fees. We price financial plans on as a fixed fee according to the degree of complexity associated with your situation. The fee for ongoing investment advice is based on a percentage of the value of investments under our management. These fees are calculated and paid quarterly, in arrears, based on the average daily balance of billable assets in your account(s).

Since the fees are based on the value of assets under management, the more assets there are in your account(s), the more you will

pay in fees, and we may therefore have an incentive to encourage you to increase the assets in your account(s). The broker-dealer (custodian) that holds your investments can charge you a transaction fee when we buy or sell an investment for you. The custodian's transaction fees are in addition to our advisory fee for our investment advisory service. You could also pay charges imposed by the custodian holding your account(s) for certain investments and maintaining your account(s). Some investments, such as mutual funds and exchange traded funds, charge additional fees which are distinct from our fees (management fee, operational expenses, etc.).

Additional Information. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any return on your investments. Please make sure you understand what fees and costs you are paying. For more information, please see our Form ADV, Part 2A Brochure (Item 5) available at [Form ADV Part 2A](#)

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

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

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means: We request you establish brokerage accounts with the Schwab Adviser Services division of Charles Schwab & Co., Inc., or TD Ameritrade Institutional. These custodians make available to us other products and services that benefit us, but may not directly benefit you. We have affiliated limited partnerships through common control with the General Partner that we recommend to qualified investors. Affiliates can also receive management fees (1%-1.5%) of committed capital, invested capital, or current capital balance, up-front due diligence fees, and performance fees after achieving defined performance hurdles. We also receive a monthly fee for investment advisory service of the partnerships and reimbursement of administrative expenses. In addition, a formally affiliated accounting firm, Howard, LLP, from time to time will provide accounting services for our clients including affiliated investment funds. We refer clients to Howard, LLP, but you are under no obligation to use them. This creates an incentive for us to offer investments and services that generate additional revenue for us and our affiliates and increase your assets in those products.

Additional information. Please see Form ADV, Part 2A Brochure (Items 5, 6, 10 and 14) and other applicable documents [Form ADV Part 2A](#)

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

How do your financial professionals make money?

Our Financial Professionals are compensated by salaries, a percentage of revenue generated by the clients they service, profit sharing of the firm, and owners or affiliates of the firm will receive a percentage of fees generated by our affiliated funds.

Item 4. Disciplinary History

Do your financial professionals have legal or disciplinary history?

Yes. Visit [Investor.gov/CRS](https://investor.gov/CRS) for a free and simple search tool to research us and our financial professionals.

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

Item 5. Additional Information

For additional information about our services, please see our website at <https://www.hfs-wm.com>. If you want a copy of this disclosure, please call our office (214-346-0785) and ask to speak with any of our wealth or investment managers.

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