

**Part 2A Appendix 1 of Form ADV: *Wrap Fee Program Brochure***

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**Chase Value Program**

3/31/2011

This wrap fee program brochure provides information about the qualifications and business practices of Hancock Investment Advisors, LLC ("Hancock Investment Advisors"). If you have any questions about the contents of this brochure, please contact us at 314-997-3191 or [clewis@hsgstl.com](mailto:clewis@hsgstl.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. While Hancock Investment Advisors is a SEC-registered investment advisory firm, registration does not imply a certain level of skill or training.

Additional information about Hancock Investment Advisors also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 117958.

## **Item 2    Material Changes**

The SEC adopted "Amendments to Form ADV" in July, 2010. This Wrap Fee Program Brochure ("Wrap Brochure"), dated 3/31/2011, is our new disclosure document prepared according to the SEC's new requirements and rules. Although the format of this document is similar in many respects to prior Schedule H wrap fee program brochures, it does contain additional new information that was not previously required.

After our initial filing of this Wrap Brochure, this Item will be used to provide our clients with a summary of new and/or updated information. We will inform you of the revision(s) based on the nature of the updated information.

Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Wrap Brochures within 120 days of the close of our business' fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

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## Item 4 Services Fees and Compensation

### DESCRIPTION OF THE CHASE VALUE PROGRAM

Hancock Investment Advisors offers a wrap fee program to certain eligible clients. Prospective clients should read this information carefully and are encouraged to consult with their legal, financial and tax advisers before investing under the Chase Value Program ("CVP" or the "Program"). Under the Program, Hancock Investment Advisors offers clients discretionary investment advice along with brokerage execution, custodial and administrative services for a single assets-based fee. Occasionally, Hancock Investment Advisors may provide investment advice on a non-discretionary basis in connection with the Program.

The Program's investment objective is to achieve long-term capital appreciation on an after-tax basis through investing in equity, equity-linked and debt securities and other instruments that Hancock Investment Advisors believes to be undervalued and offer an attractive risk/reward profile. Current income is not an objective.

Hancock Investment Advisors will direct Program investments primarily into equity securities that are traded in the public markets; although at times it may invest in private placements, convertible securities and fixed-income securities. Hancock Investment Advisors also may cause Program client accounts to write covered call options.

Hancock Investment Advisors' basic philosophy in investing the Program's assets will be to identify a core portfolio of so-called "micro-capitalization", "small-capitalization" or "large-capitalization" ("micro-cap", "small-cap" or "large-cap", respectively) companies traded in the U.S. equity markets that trade at prices below what Hancock Investment Advisors considers to be their "intrinsic value" and to supplement those core investments with opportunistic investments in other areas. Hancock Investment Advisors will use fundamental research as part of its integrated "top-down"/"bottom-up" investment approach.

The CVP will focus investment in the financial services sector, including banks, thrift institutions, mortgage companies and insurance companies. Hancock Investment Advisors expects that Program clients' portfolios often will be concentrated in relatively few positions and, from time to time may include significant cash investments during periods when Hancock Investment Advisors believes risk/reward characteristics of available investments are not favorable. As a result of engaging in these defensive measures, the Program may not achieve its investment objective.

Hancock Investment Advisors expects that as of the time of their purchase, no more than 25% of the Program's assets will be invested in any one issuer and no more than 50% of the Program's assets will be invested in restricted (i.e., privately placed) securities. However, Hancock Investment Advisors has wide latitude in the selection of Program investments, all of which may be in the financial services sector. **The Program has no limits on the types of securities or other instruments in which it may invest, the types of positions it may take or the concentration of its investments (whether by sector, industry, country, asset class or otherwise).** Therefore, in pursuit of the Program's investment objective, Hancock Investment Advisors may, based upon its assessment of market and economic conditions, deviate from its stated investment strategy and investment limitations and cause accounts in the Program to invest in, hold, sell, trade, and

**otherwise deal in equity and debt securities, without limitation. Financial instruments in which Hancock Investment Advisors may invest include, but are not limited to, equity-related securities, bonds (convertible and nonconvertible), and other fixed-income investments.**

These securities and financial instruments will generally be traded publicly but the Program may include private investments and may involve illiquid investments. The Program may involve the writing of covered call options as a source of additional profit. The Program will not buy securities and financial instruments on margin or use other leverage techniques. Depending on conditions and trends in the financial markets, Hancock Investment Advisors may pursue other strategies or employ other techniques it considers appropriate and in the Program's best interests.

Hancock Investment Advisors will employ fundamental business analysis and due diligence processes to identify and evaluate prospective investments. Hancock Investment Advisors will seek to include in the Program stocks of high quality companies with above-average long-term growth potential that are significantly undervalued and/or out-of-favor with the mainstream investment community. Generally, Hancock Investment Advisors utilizes its own company and industry research, while also relying on research available from a variety of computerized information sources.

Hancock Investment Advisors may provide Program clients opportunities to invest in privately issued securities. Such opportunities will be made available exclusively on a non-discretionary basis, i.e., clients desiring to participate must execute appropriate subscription documents.

A Program client will generally be permitted to withdraw some or all of his or her account balance at any time upon notice to Hancock Investment Advisors. However, the client's ability to sell, redeem or liquidate their privately-issued investments will be limited by the terms of the underlying investment's offering document. Privately-issued investments may, among other things, restrict redemptions, suspend withdrawals or withhold a percentage of redemption proceeds. Resale of privately-issued securities may be restricted by federal securities law or by contract.

Program clients may have the opportunity to invest in "New Issues" as that term is defined in the Conduct Rules of FINRA. A Program client that is a "Restricted Person" will be unable to participate in such New Issue investments. Any client who does not provide Hancock Investment Advisors with sufficient information to show that such client is not a Restricted Person will be presumed to be a Restricted Person.

## **SERVICES**

Hancock Investment Advisors is a SEC-registered investment adviser with our principal place of business located in Missouri. Hancock Investment Advisors began conducting business in 2001.

We sponsor the Chase Value Program, a wrap fee program. A wrap fee program is an advisory program under which a specified fee or fees not based directly on transactions in the

client's account is charged for advisory services, which may include portfolio management or advice concerning the selection of other investment advisers, and the execution of client transactions.

This Wrap Fee Program Brochure is limited to describing the services, fees, and other necessary information clients should consider prior to becoming a client within the Program. For a complete description of the other services and fees offered by our firm, clients should refer to our Form ADV Part 2: Firm Brochure.

You may obtain a copy of our Firm Brochure by contacting Clint Lewis at 314-997-3191 or [clewis@hsgstl.com](mailto:clewis@hsgstl.com).

### **SEPARATELY MANAGED ACCOUNT ("SMA") PROGRAM**

Clients participating in the Chase Value Program receive continual advice regarding the investment of their funds based on their individual needs. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we develop the client's personal investment policy which serves as the basis for managing the client's portfolio. 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.

As sponsor and investment manager of the Chase Value Program, we have designed this program to connect our firm's clients with professional in-house portfolio managers and investment vehicles suitable for their financial circumstances and investment objectives. Our firm actively solicits advisory clients for the Program. We are also responsible for the marketing of the Program.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

**Types of Securities:** As appropriate to the needs of the client, the following types of securities may be utilized in the client's portfolio:

<b><u>Equities</u></b>	<b><u>Fixed-Income</u></b>	<b><u>Mutual Funds</u></b>
Listed/OTC Preferred Private securities/nonpublicly traded	Corporate Bonds	Money Market

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

**Asset Valuation:** Hancock Investment Advisors has substantial discretion in determining the value of the Program assets. While most marketable securities are valued based on prices reported in the public markets, at times the size of a block of securities held or temporary restrictions on resale may justify imposing a discount to the market-determined value. Non-marketable securities will be valued using a consistent methodology but such methods

are dependent upon Hancock Investment Advisors' judgment and discretion. In addition, circumstances could arise in which the value Hancock Investment Advisors assigns to them should be reduced. If, and how much to affect the value of securities in any of these circumstances is subject to Hancock Investment Advisors' discretion.

## **Fees**

The Wrap Program Fees are comprised of two main elements, a Management Fee and an Incentive Fee, each described below. The Wrap Program Fees include custodial fees and brokerage commissions of our affiliated broker-dealer, Hancock Securities Group, LLC ("Hancock Securities Group"). Hancock Investment Advisors may, in its discretion, waive, vary, or defer the calculation of all, or any portion of, the Wrap Program Fees for any account, as these fees are negotiable. Approximately 90% of the wrap fee charged to a client is generally paid to the Program's portfolio managers for advisory services.

The overall cost to the client of the Program may be higher or lower than the client might incur by purchasing separately the types of securities available in the Program. To meaningfully compare the cost of the Program with unbundled services, the client should consider the trading activity in the account and standard advisory fees and brokerage commissions that would be charged at Hancock Securities Group, or at other broker-dealers and investment advisers. Accordingly, the Program may not be suitable for clients whose accounts have less than a certain number of transactions per year, for clients choosing to have assets of the Program account held in custody by an organization other than Hancock Securities Group, or for clients who simply want to purchase individual securities. The Wrap Program Fees may be higher than those charged by other investment advisers for comparable services. There may be other investment advisers who can provide comparable types of services at a lower fee rate.

**Management Fee.** Program clients will pay Hancock Investment Advisors a management fee, quarterly in arrears, equal to 0.5% (2% per annum) of the Account balance (the "Management Fee") as of the first day of each calendar quarter provided that a Program Client who withdraws from the Program during a given quarter will be obligated to pay a pro rated Management Fee for the quarter of withdrawal.

**Incentive Fee.** In addition to the Management Fee, Hancock Investment Advisors will be entitled to receive an Incentive Fee on the last day of each calendar quarter, equal to 20% of the net increase in the value of the account for that calendar quarter. An Incentive Fee will also be charged as to amounts withdrawn, as of the effective time of the withdrawal.

Incentive Fees will be subject to a "high water mark" provision and will result in the Incentive Fee being payable from an account only to the extent that the net increase in the account's value exceeds its unrecouped net decreases (subject to proportional adjustment for partial withdrawals and any additional investments). Accordingly, if an account value decreases for any period, no Incentive Fee shall be incurred on subsequent net increases until such increases have restored the account value to the "high water mark." Management Fees payable to Hancock Investment Advisors will be included in the high water mark calculation so that Management Fees paid must be recouped before the Advisor receives an Incentive Fee. Once paid, the Incentive Fee will not be recouped as a result of losses incurred in subsequent periods.

**How are Fees Charged?** Program fees are charged quarterly in arrears. If management begins after the start of a month, Program fees will be prorated accordingly. When authorized by the client, fees will be debited from the account in accordance with the terms set forth in the Investment Management Agreement ("IMA").

**What services are covered by the Program fees?** The Program fees pay for our firm's advisory services to clients under the Program, administrative expenses of the Program, custody charges for clients' assets custodied at Hancock Securities Group and brokerage services for Program accounts to the extent trades are conducted through Hancock Securities Group.

**What services are not covered by the Program fees?** The Program fees do not cover brokerage to the extent trades are conducted through brokers or dealers other than Hancock Securities Group and custody charges if client assets are custodied anywhere other than Hancock Securities Group.

**Other Fees and Expenses.** In addition to the advisory services provided to clients, the Program's annual fee also includes execution of securities transactions through Mesirow Financial. Clients are required to establish accounts at Hancock Securities Group, a FINRA member affiliated with Hancock Investment Advisors. Clients' funds and securities are held at Mesirow Financial, which clears transactions on a fully-disclosed basis for Hancock Securities Group. The wrap fee does not include: (1) annual account fees or other administrative fees, such as wire fees, charged by Mesirow Financial; (2) underwriting or dealer concessions or related compensation in connection with securities acquired in underwritten offerings; (3) certain transfer taxes, transaction fees mandated by the Securities Act of 1934, postage and handling fees, and charges imposed by law with regard to transactions in the client's account and (4) an annual maintenance fee for IRA accounts.

**Additional Information about Program fees.** Under the Program, the participant receives investment advisory services, the execution of securities brokerage transactions and custody and reporting services for a single specified Program Fee. Clients are cautioned that depending on the level of fees charged by the executing broker-dealer, and the amount of portfolio activity in the clients' account, the value of the services provided under this Program may exceed the total cost of such services had they been provided separately. However, the Program may cost you more or less than purchasing such services separately. In addition, the Program Fee may be higher or lower than that charged by other sponsors of comparable wrap fee programs. In addition, a disparity in wrap fees may exist between the wrap fees charged to other clients.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.



**ERISA Accounts:** Hancock Investment Advisors is deemed to be a fiduciary to advisory clients that are employee benefit plans or individual retirement accounts (IRAs) pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Hancock Investment Advisors may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Hancock Investment Advisors' advisory fees.

**Advisory Fees in General:** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

**Limited Prepayment of Fees:** Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

**Transaction Execution:** At times, the advisor may cause accounts in certain program *and other* advised accounts to affect transactions that differ in substance, timing and amount, due to, among other things, factors affecting the appropriateness or suitability of particular investment activities and limitations on the availability of particular investment or transactions opportunities. The advisor will allocate transactions and opportunities among the various accounts it and its affiliates manage in a manner it believes to be as equitable as possible, considering each account's objectives, investment strategies, limitations and capital available for investment, but all accounts may not necessarily invest in the same securities or at the same time. Further, neither the advisor nor its members or affiliates, has any obligation to provide accounts in the program or any other account with any particular investment opportunity that could be beneficial.

## COMPENSATION

Hancock Investment Advisors may compensate licensed individuals, as well as non-licensed individuals and non-employees for client referrals. The compensation is typically structured as a fee-sharing arrangement, i.e., Hancock Investment Advisors manages the investment account but pays the referring person or entity a percentage of the management fee as compensation for the referral. Hancock Investment Advisors will pay a referral fee to registered representatives of Hancock Securities Group referring clients to Hancock Investment Advisors. Such referral fee may be a one-time or continuous payment of a percentage of the assets transferred for investment management. This referral agreement does not result in any additional charge or fee to the client, but will reduce the amount paid to the portfolio manager for the management of such client's accounts placed in the CVP. However, clients should be aware that the receipt of this compensation may create a financial incentive for the individual to recommend participation in this program over others for which no such compensation may be received by the individual. Hancock Investment Advisors' principals may receive additional economic benefits from Hancock Investment Advisors' use of Hancock Securities Group as the broker/dealer for Program accounts.

As required by applicable law, the details of the solicitation arrangement, including the compensation payable to the solicitor, will be described to the client in a separate document provided to the client at the time of the referral.

## **Item 5 Account Requirements and Types of Clients**

### **ACCOUNT REQUIREMENTS**

The Chase Value Plan is limited to sophisticated individuals and entities who confirm they are "Qualified Clients" within the meaning of rules and regulations under the Investment Advisers Act of 1940. Participation in this program is subject to certain minimum account requirements. For a more detailed understanding of these requirements, please review the disclosures provided in the preceding section.

The minimum account size for both assets placed with the Program's portfolio managers and for participation in the wrap fee program is \$250,000, except that Hancock Investment Advisors in its discretion may accept a limited number of accounts with a lower initial investment.

Chase Value Program clients must direct Hancock Investment Advisors as to the broker dealer/custodian to be used in managing their account. As a condition for program participation, clients are required to direct us to custody their assets with and to place trades through Hancock Securities Group. Hancock Securities Group is an affiliated FINRA-member broker dealer and the clearing firm and custodian that we use for brokerage accounts. Hancock Investment Advisors has negotiated an arrangement with Hancock Securities Group to provide custodial and brokerage services as part of the Chase Value Program. As such, we reserve the right to decline acceptance of any client account for which the client directs the use of a broker dealer/custodian other than Hancock Securities Group. Please refer to the "Other Financial Industry Activities and Affiliations" section of Item 9 for additional information.

### **TYPES OF CLIENTS**

Hancock Investment Advisors provides advisory services in the Chase Value Program, where appropriate, to:

- Individuals
- Banks and Thrift Institutions
- Pension & Profit Sharing Plans
- Trusts
- Estates
- Corporations and Other Business Entities
- Charitable Organizations

## **Item 6 Portfolio Manager Selection and Evaluation**

### **PORTFOLIO MANAGER SELECTION**

As previously disclosed, all participating clients' assets are managed by advisory personnel of our firm. The Program will be monitored by an Investment Committee. Hancock Investment Advisors requires these portfolio managers for the Program who are members of the Investment Committee to have all required licenses and a college degree and/or appropriate experience in the securities industry or to possess significant other experience. Please refer to Item 4 for detailed disclosures regarding the portfolio management services we provide to program clients. Members of the Investment Committee for the Program include:

#### **Steven M. Rull**

For three years prior to co-founding Manchester Partners (a predecessor firm of Hancock Securities Group) in 1997, Steve was the Senior Vice President of Mark Twain Capital Markets. Steve joined Hancock Securities Group as an executive officer in April 2000. From 1987 to 1994, he served as Senior Vice President and Chief Financial Officer of United Postal Savings and United Postal Bancorp. Steve began his career with KPMG, holds a degree in Accounting from Southern Illinois University and is a Certified Public Accountant. He holds Series 7, 24, 63 and 65 licenses from the FINRA.

Steve has been involved as advisor and principal in numerous acquisitions and sales of financial institutions. He has also been responsible for operations of retail distribution, mortgage banking, investment management, secondary mortgage market activity, investor relations, asset/liability management, banking operations and financial reporting. Steve's experience includes the management of merger activities, investment portfolios, institutional equity and debt placement, direct lending, management of troubled assets, commercial finance transactions, asset securitization and arbitrage, asset/liability management and finance activities for public companies. Mr. Rull was born in 1949.

#### **Joseph D. Garea**

Prior to co-founding Manchester Partners (a predecessor firm of Hancock Securities Group) in 1997, Joe served as President of Enterprise Capital Management, a venture capital firm, and was Chief Financial Officer of Enterbank Holdings, the holding company for Enterprise Bank. Joe joined Hancock Securities Group as an executive officer in April 2000. From 1987 to 1994, Joe served as Senior Vice President and Chief Lending Officer of United Postal Savings. Joe, who began his career with KPMG in 1977, holds a degree in Business Administration from Saint Louis University and is a Certified Public Accountant. He holds Series 7, 24, 63 and 65 licenses from the FINRA.

Joe has been both advisor and principal in numerous acquisitions and sales of financial institutions and commercial companies. He has also been responsible for operations of various residential mortgage, commercial and consumer lending and finance companies. His experience includes equity syndication and investment, management of mergers and acquisitions and investment portfolios, sales and marketing activities, retail and commercial lending, management of troubled assets, asset recovery and finance activities for public and commercial companies. Mr. Garea was born in 1955.

## **Clinton J. Lewis**

Prior to joining Hancock Securities Group in April 2000, Clint held positions with several bank-owned brokerage firms. From 1993 until 1997, he performed trading-oriented duties as head equity-trader at Mark Twain Brokerage Services and had direct responsibility for growing the Infinet Discount Trading business. He continued as Co-Manager of Infinet Discount Trading from 1996 through 1999. Clint received a Bachelor of Science degree from the University of Phoenix. He holds Series 4, 7, 24, 28, 53, 55, 63 and 65 licenses from the FINRA and various insurance licenses.

Clint is responsible for managing the investment portfolios of various clients of Hancock Securities Group and Hancock Investment Advisors. Additionally, he serves corporate, institutional and non-profit clients by providing cash management, retirement, 401(k) and profit sharing programs. Clint also acts as Hancock Securities Group's President and Chief Compliance Officer. Mr. Lewis was born in 1971.

## **Steven B. Chase**

Steven B. Chase has been involved in investments, banking and real estate since 1978. His experience includes equity and fixed income security analysis, mortgage securities and servicing rights analysis, residential and commercial loan origination, loan acquisition consulting for financial institutions, mortgage guaranty insurance, real estate investments, marketing and sales. Steve holds Series 7 and 66 registrations from the Financial Industry Regulatory Authority (FINRA).

Steve founded and managed Chase Value Fund, L.P. in 2005, a private investment fund which focused on financial equity investments with a strategy similar to that of the Chase Value Program.

From 1991 to 2001, Steve was co-founder of Mortgage Investment Trust Corp., a consulting and private investment company that advised financial institutions on the acquisition of commercial and residential real estate loans from institutional sellers, FDIC and the Resolution Trust Corporation. From 1980 to 1991, Steve was employed by Mortgage Guaranty Insurance Corp. ("MGIC"), as a field account representative, whole loan and servicing rights trader and Vice President in the Capital Markets Group. He was the national representative for MGIC's asset liquidation services for RTC and FDIC.

In addition to his role as an investment advisor with Hancock Investment Advisors, Steve is also a director and business development manager for First Missouri National Bank and part owner of Mortgage Investment Services, a wholesale mortgage banking company serving correspondent banks throughout Kansas, Missouri and Oklahoma. Mr. Chase was born in 1952.

## **PORTFOLIO PERFORMANCE REPORTING**

In calculating the performance of the Program's portfolio managers, Hancock Investment Advisors uses a third-party performance-reporting solution known as Axys, which is only such

provider of performance measures for the Program and/or for the Program's portfolio managers. Axys uses the average capital base method to calculate the Program's time-weighted rate of return (TWR). Axys' performance-reporting meets the Chartered Financial Analyst Institute's Global Investment Standards' requirement of using TWR. Performance return information is calculated monthly and reported quarterly. All performance reporting is reviewed quarterly and compared to industry standard benchmarks such as the Dow Jones Industrial Average, Standard & Poor's 500, and other financial indices. The Investment Committee evaluates this information for the Program to determine its accuracy and to determine the performance of the Program's portfolio managers.

### **AFFILIATED PORTFOLIO MANAGERS**

As previously disclosed, all client assets in this program are managed by our portfolio managers. Please refer to Item 4 for a detailed description of Chase Value Program's services and fees. The Program's portfolio managers are evaluated for retention based on the total return provided by the Program, their involvement in selecting particular investments chosen by the Investment Committee, the risk level of the investments incurred in delivering the return provided by the Program, overall market conditions, and a comparison of returns generated by the portfolio manager when compared to the returns generated by other portfolio managers in similar investment programs. All members of the above-stated Investment Committee generally provide services to all clients of the Program.

All of the CVP's portfolio managers are related persons of Hancock Investment Advisors and that this is a potential conflict of interest, as the CVP utilizes no portfolio managers who are not related persons of Hancock Investment Advisors and therefore, the CVP may provide its portfolio managers additional discretion and/or retain them despite less than optimal performance due to the fact that the portfolio managers are part of the management and officers of Hancock Investment Advisors, the wrap fee program's sponsor firm. These conflicts of interest are addressed as discussed under our "Code of Ethics" policy provided in Item 9 below. Related persons portfolio managers are reviewed and evaluated as stated above.

### **PERFORMANCE-BASED FEES**

Our firm accepts a performance-based fee from Program clients. This fee is calculated based on a share of capital gains on or capital appreciation of the assets of the client. To qualify for this fee arrangement, a client must either demonstrate a net worth of at least \$1,500,000 or must have at least \$750,000 under management immediately after entering into a management agreement with us.

Clients should be aware that performance-based fee arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

We endeavor at all times to put the interest of our clients first as part of our fiduciary duty as a registered investment adviser; accordingly, we take the following steps to address these conflicts:

1. We disclose to clients the existence of all material conflicts of interest, including the

potential for our firm and employees to earn more compensation from advisory clients who pay performance-based fees;

2. We collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
3. Our management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to that client's needs and circumstances;
4. We have implemented policies and procedures for fair and consistent allocation of investment opportunities among all client accounts;
5. We periodically compare holdings and performance of all accounts with similar strategies to identify significant performance disparities indicative of possible favorable treatment;
6. We periodically review trading frequency and portfolio turnover rates to identify possible patterns of "window dressing," "portfolio churning," or any intent to manipulate trading to boost performance near the reporting period; and
7. We educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients and equitable treatment of all clients, regardless of the fee arrangement.

**The client must understand the performance-based fee method of compensation and its risks prior to entering into a management contract with us.**

**PERFORMANCE-BASED FEES WILL ONLY BE CHARGED IN ACCORDANCE WITH THE PROVISIONS OF RULE 205-3 OF THE INVESTMENT ADVISERS ACT OF 1940 AND/OR APPLICABLE STATE REGULATIONS. THE FEES WILL NOT BE OFFERED TO ANY CLIENT RESIDING IN A STATE IN WHICH SUCH FEES ARE PROHIBITED.**

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets:

***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.

***Quantitative Analysis.*** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

***Qualitative Analysis.*** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

***Risks for all forms of analysis.*** Our securities analysis methods rely 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.

## INVESTMENT STRATEGIES

We use the following strategies in managing client accounts, provided that such strategies are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations:

***Long-term purchases.*** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- 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 advantage 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.

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

## **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.

### **Item 7 Client Information Provided to Portfolio Managers**

Hancock Investment Advisors on behalf of the Program's portfolio managers will initially meet with each client to obtain information concerning the client's particular financial situation and investment objectives. Hancock Investment Advisors will provide each Program client with a quarterly summary of their account's performance. Hancock Investment Advisors will contact the client at least annually to determine whether there has been any change in the client's financial situation or investment objectives. Quarterly, Hancock Investment Advisors will request that each client notify Hancock Investment Advisors in writing if there has been any change in the client's financial situation or investment objectives. A client may impose or modify any reasonable restrictions on the management of his or her account. Hancock Investment Advisors will provide all such client information to the Program's portfolio managers in a timely manner. The Program's portfolio managers will be reasonably available to clients during normal business hours to answer questions and consult on clients' accounts.

Individuals affiliated with our firm are responsible for developing an initial financial profile of the prospective client. Prior to opening an account, we assist in determining a participant's profile for the Program by obtaining from the participant appropriate information (i.e., investment objectives, risk tolerance, time horizon, and any reasonable restrictions the client wishes to impose upon the management of the account). Initial investment strategy is jointly determined based on an assessment of the information provided by the client.

While we provide the client with periodic reminders, it remains the client's responsibility to advise us of any changes to the information previously provided that might impact the ongoing suitability of any prior determined investment strategies and/or objectives. We will promptly communicate any reported changes to the client's portfolio manager.

A Hancock Investment Advisors' executive will directly contact each CVP wrap fee program client at least annually to verify that there has been no change in the client's financial circumstances and/or investment objectives, and determine whether the client wishes to impose any reasonable restrictions on the management of the account(s). Any such changes or requests are communicated in writing to the client's portfolio manager, who is responsible



for implementing appropriate adjustments to the client's portfolio.

## **Item 8 Client Contact With Portfolio Managers**

Hancock Investment Advisors promotes open lines of communication between the Portfolio Manager(s) and our clients, encouraging the Manager's accessibility to remain available to our clients to discuss investment philosophy, objectives and to answer client questions. There are no formal restrictions placed on the client's ability to contact or consult with the Program's portfolio managers.

## **Item 9 Additional Information**

### **Disciplinary Information**

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

The following are disciplinary events relating to our firm and/or our management personnel:

There are two disciplinary actions related to our affiliated broker dealer Hancock Securities Group. Neither event involved Hancock Investment Advisors, or its clients. Joseph Garea was disciplined by FINRA in 2003 in connection with a private placement offering and failure to make a timely deposit of investor checks into an appropriate escrow account. Garea was fined \$6,000. Clint Lewis was disciplined by FINRA in 2010 for failure to properly supervise an independent contractor registered representative who was acting alone in converting client funds through that contractor's outside business activity. The contractor acted without the knowledge of Lewis and was terminated in March of 2008. Lewis was fined \$5,000 and suspended from acting in any principal capacity except as options principal for 10 business days.

### **Other Financial Industry Activities and Affiliations**

**FIRM REGISTRATIONS.** A list of affiliated broker-dealers is specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1, which can be accessed by following the directions provided on the Cover Page of this Firm Brochure.

**MANAGEMENT PERSONNEL REGISTRATIONS.** Management personnel of our firm are separately licensed as registered representatives of our affiliated FINRA-member broker-dealer Hancock Securities Group. These individuals, in their separate capacity, can effect securities transactions for which they will receive separate, yet customary compensation. Hancock Securities Group clears all transactions through Mesirow Financial as a "fully-disclosed" correspondent. Mesirow Financial performs most of the execution, clearing and information management tasks for Hancock Securities Group. Some registered representatives of Hancock Securities Group are independent contractors whose principal business is a private accounting practice. Such individuals will be entitled to a referral fee for clients referred to Hancock Investment Advisors.

While Hancock Investment Advisors and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Clinton Lewis, Steven Rull, and Joseph Garea, Managing Members of our firm, are the

Managing Members and are advisory representatives of Hancock Institutional Advisors, LLC ("Hancock Institutional Advisors"), a SEC-registered investment adviser. There are no referral arrangements between our firm and Hancock Institutional Advisors. No Hancock Investment Advisors client is obligated to use the advisory services of Hancock Institutional Advisors, just as no Hancock Investment Advisors advisory client is obligated to use our advisory services.

We occasionally trade the same securities in client portfolios that are traded by Hancock Investment Advisors in its own portfolios. When this occurs, our clients may receive a better or worse price or execution than Hancock Investment Advisors depending on the order of trade execution, the type of security traded and the broker-dealer used. In order to minimize the potential for any systematic disadvantage to clients; when trades are placed in the same security on the same day for both our clients and the clients of Hancock Investment Advisors (in control of Clinton Lewis, Steven Rull, and Joseph Garea), Clinton Lewis, Steven Rull, and Joseph Garea will rotate the order of execution or give all clients the same or average price for any such trades.

As this affiliation with Hancock Investment Advisors may present potential conflicts of interest, we have established written policies and procedures for insider trading that prohibit Clinton Lewis, Steven Rull, and Joseph Garea, and any other member, officer or employee of our firm, from buying, selling or recommending the securities of any company bought, sold or recommended by Hancock Investment Advisors where the decision is substantially derived by reason of access to the recommendations of Hancock Investment Advisors to its clients.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by Hancock Investment Advisors and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Hancock Investment Advisors endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;

- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;
- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

As previously disclosed, clients are required to direct us to custody their assets with and to place trades through Hancock Securities Group as a condition for participation in the Chase Value Program program. Hancock Securities Group is an affiliated FINRA-member broker dealer and the clearing firm and custodian that we use for brokerage accounts. Our firm has evaluated Hancock Securities Group and believes that it will provide our clients with a blend of execution services, commission costs, and professionalism that will assist us in meeting our fiduciary obligations to clients.

In evaluating such an arrangement, the client should recognize that brokerage commissions for the execution of transactions in the client's account are not negotiated by Hancock Investment Advisors on a trade-by-trade basis, and best execution may not be achieved. In addition, as noted above in Item 4, transactions in the client's account are effected "net" (i.e., without separate commission charge to the client) and a portion of the wrap fee is generally considered as being in lieu of commissions. Not all advisers require clients to direct it to use a particular broker dealer, though the sponsors of wrap fee programs typically do.

### **Code of Ethics, Participation or Interest 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.

Hancock Investment Advisors and our personnel owe 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.

Hancock Investment Advisors' 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 [clewis@hsgstl.com](mailto:clewis@hsgstl.com), or by calling us at 314-997-3191.

Hancock Investment Advisors and individuals associated with our firm are prohibited from engaging in principal transactions.

Hancock Investment Advisors and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

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, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

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 Chief Compliance Officer or his/her designee.
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.

As disclosed earlier in this section of this Brochure, related persons of our firm are separately registered as securities representatives of a broker-dealer, investment adviser representatives of another registered investment adviser, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to above for a detailed explanation of these relationships and important conflict of interest disclosures.

### **Certain Risk Factors**

Participation in the CVP involves significant risks. Some of the more significant risks associated with the Program are summarized below. Prospective investors should carefully consider these risks and are encouraged to consult with their legal, tax, and financial advisers before participating in the Program. All investing and trading activities risk the loss of capital. Hancock Investment Advisors attempts to moderate these risks; but there can be no assurance that the Advisor will be successful or that clients will not suffer losses.

**Reliance on the Advisor.** The success of the Program will depend on the ability of the Advisor to develop and implement investment strategies that will achieve the Program's investment objectives. The Program's investment performance could be materially and adversely affected if the members of the Investment Committee were no longer be involved in the active management of the Program's portfolio. Although members of the Investment

Committee have significant experience investing and trading securities, the CVP is a new program with no performance history.

**Risks Associated With Incentive Fee.** The prospect of receiving an Incentive Fee could encourage Hancock Investment Advisors to make investments on behalf of Program clients that are riskier or more speculative than it would if Hancock Investment Advisors were receiving only a flat fee. Hancock Investment Advisors will receive Incentive Fees for unrealized gains that may never be realized and will *not* return an Incentive Fee paid for a period in which there is a net profit, even if in a subsequent period an account does not earn a net profit or suffers a net loss. As a result, the Incentive Fee may be greater than it would be if it were based solely on realized gains.

**General Economic and Market Conditions.** The success of a Program accounts may be affected by general economic and market conditions such as: interest rates, availability of credit, inflation rates, economic uncertainty, changes in foreign and domestic laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of the Program's investments. Unexpected volatility or illiquidity could impair profitability or result in losses. None of these factors are within the control of Hancock Investment Advisors.

**Equity Securities Risk.** Accounts will be exposed to equity securities risk. Program accounts may decline in value if the stock markets perform poorly. There is also a risk that the Program's investment selections will under-perform either the securities markets generally or particular segments of the securities markets.

**Small- and Medium-Capitalization Stocks.** Clients participating in the Program will invest a portion of their assets in stocks of companies with smaller market capitalizations. Small- and medium-capitalization companies may be of a less seasoned nature or have securities that may be traded in the over-the-counter market. These "secondary" securities often involve significantly greater risks than the securities of larger, better-known companies. In addition to being subject to the general market risk that stock prices may decline over short or even extended periods, such companies may not be well-known to the investing public, may not have significant institutional ownership and may have cyclical, static or only moderate growth prospects. Additionally, stocks of such companies may be more volatile in price and have lower trading volumes than larger capitalized companies. Accordingly, investors in the Program should have a long-term investment horizon.

Small- and medium-capitalization securities may be followed by relatively few or no securities analysts, with the result that there tends to be less publicly available information concerning these securities compared to what is available for exchange-listed or larger companies. The securities of these companies may have limited trading volumes and may be subject to more abrupt or erratic market movements than the securities of larger, more established companies or the market averages in general, and client accounts may be required to deal with one or only a few market makers when purchasing and selling these securities. Transaction costs, such as bid/ask spreads, in small- and medium-capitalization stocks may be higher than those involving larger capitalized companies. Similarly, sales of these companies' securities or the expectation that such sales may occur, could adversely affect the prices at which their securities can be sold. Companies in which the Program may invest

may also have limited product lines, markets or financial resources and may lack management depth and may be more vulnerable to adverse business or market developments than larger capitalization companies.

**Fixed-Income Securities Risks.** Hancock Investment Advisors may cause clients in the Program to purchase fixed-income securities which are susceptible to various risks different from those that apply to equity securities. The most commonly anticipated fixed-income risks are interest-rate risk, credit risk, call risk, inflation risk, and liquidity risk.

*Interest-Rate Risk.* If a bond is not held to maturity, it may have to be sold for a price different from—and in particular lower than—expected. If so, the holding-period return of a bond will turn out to be less than the bond's expected yield to maturity. The risk that a bond will have to be sold at a loss is referred to as interest-rate risk or market risk. Bond prices rise when interest rates fall, and bond prices decrease when interest rates rise. Hence, the price at which a bond that has not yet reached maturity could be sold is subject to the rise and fall of interest rates.

*Credit or Default Risk.* Issuers may default on their bond obligations. The yield offered for a bond at any given point in time is dependent on the market's perception of the issuer's future cash flow. Government bonds generally have the lowest credit risk, and U.S. Treasury securities in particular are generally viewed as having no credit risk at all.

*Call Risk.* Bonds are subject to the risk that the issuer may choose to retire all or part of a bond issue prior to maturity. If this happens, a client account could face the risk that a bond will be called away at a disadvantageous time. Calls generally are in response to the interest rate environment. If and when interest rates decline relative to the coupon rate, to a point where the call becomes advantageous to the issuer, the market value of the bond will not rise as much as that of similar issues of the same quality. The bond's price will tend to converge toward the call price in anticipation of the call and eventually equal the call price when the call is announced.

*Inflation Risk.* Inflation risk or "purchasing power risk" arises because inflation causes variation in the real value of a security's cash flows in terms of purchasing power. However, inflation risk is generally a product of unanticipated inflation because anticipated inflation generally is already built into a bond's effective interest rate at the time of purchase.

*Liquidity Risk.* Trading opportunities are more limited for fixed-income securities that have not received any credit rating, have received a rating below investment grade or are not widely held. These features may make it more difficult to sell or buy a fixed-income security at a favorable price or time. Consequently, client accounts may have to accept a lower price to sell a security, sell other securities to raise cash, or give up an investment opportunity, any of which could have a negative effect on the account's performance. Infrequent trading of securities may also lead to an increase in their price volatility.

**Option Risk.** Specific market movements of an option and the underlying security cannot be predicted with certainty. Hancock Investment Advisors expects that the Program will involve the writing of covered call options, which means the Advisor agrees to sell a security during a fixed period at a pre-determined strike price. When Hancock Investment Advisors writes a covered call option, it receives a premium, but also gives up the opportunity to profit from a

price increase in the underlying security above the exercise price as long as its obligation as a writer continues, and it retains the risk of loss if the price of the security declines. Other risks associated with writing covered call options include the possible inability to effect closing transactions at favorable prices and an appreciation limit on the securities set aside for settlement. In addition, premiums received for writing options could be taxed at unfavorable rates.

**Private Investment Risk.** Some of the financial instruments in which the Program clients invest may be relatively illiquid, because they are thinly traded or because they are subject to transfer restrictions. The client account may not be able to liquidate those investments quickly if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. Further, sales of thinly-traded securities could depress the value of such securities retained by clients in the Program, thereby reducing the profitability of clients' investments under the Program or increasing unrealized losses. Hancock Investment Advisors also make available to Program clients opportunities to invest in privately placed securities that are subject to restrictions on resale or for which no ready market exists. Hancock Investment Advisors' fees will be based on the value of clients' investments in the Program and values assigned to thinly-traded or non-marketable securities for purposes of determining the value of an account may differ materially from the value ultimately realized.

**Concentration Risk.** The Program may overweight or concentrate an account's portfolio in investments in a particular sector or industry. To the extent account assets are invested in overweighted or concentrated positions, any negative development affecting that sector or industry will have a greater impact on the account than an account that is not overweighted or concentrated in that sector or industry. Overweighted and concentrated investments may be more volatile and fluctuate more than the accounts investing in a broader range of securities. Such investments may be more susceptible to adverse economic, political, regulatory, or market developments affecting the sector, industry, or individual company in which the assets are invested.

**Non-Diversification Risk.** The Program may at times focus on a limited number of companies and therefore Program accounts will be subject to substantially more investment risk and potential for volatility. The poor performance of an individual stock in an account may have a significant negative impact on the account's performance.

**Unequal Allocation.** Hancock Investment Advisors will make reasonable efforts to ensure that each account's allocation of Program assets reflects approximately the Program's overall allocation of investments. However, due to differences in the timing of investment with the Program, each account's investment allocation may differ materially from the allocation of other Program accounts, and this may result in material differences between the returns and in the diversification of risks of each account with respect to other accounts individually and with respect to the Program as a whole.

**Lack of Control.** Hancock Investment Advisors does not anticipate becoming an active participant in the management of companies held in the Program's portfolio. If Hancock Investment Advisors, or its affiliates, elect to participate in such a company's management, it may be deemed to have duties to such companies that could expose Hancock Investment



Advisors to liability if it breaches its duties. Moreover, parties could seek damages based on allegations of wrongdoing in the course of exercising such influence and control.

*The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Program. Prospective investors, in consultation with their financial, legal and tax advisers, should read this entire brochure before deciding to invest.*

### **Review of Accounts**

Hancock Investment Advisors reviews client accounts no less often than quarterly to ensure that investments meet the applicable objectives, guidelines and special requirements. Reviews will be made more frequently upon the client's request or may be triggered in the event of changes in management style or fund closures. Account reviews are conducted by Clinton Lewis/CCO.

At least annually, we meet with the client (either in person or over the phone) to review and update, as necessary, the client's investment profile. However, should there be any material change in the client's personal and/or financial situation, we should be notified immediately to determine whether any review and/or revision of the client's investment profile is warranted.

All clients receive account statements from their custodian on at least a quarterly basis. Additionally, we provide clients with periodic performance measurement summary reports, usually on a quarterly basis.

### **Client Referrals and Other Compensation**

Hancock Investment Advisors receives client referrals for participation in the Program ("Program Participant") through representatives of affiliated broker-dealer firms and investment adviser firms (these firms are referred to in this brochure as "Financial Advisory Firm(s)" and their representatives are referred to as the "Financial Counselor(s)"). The Financial Counselor consults with the Program Participants to assess their financial situation and identify their investment objectives in order to implement appropriate strategy(ies) designed to meet the Program Participant's financial needs.

Financial Advisory Firms, which are registered as investment advisers and/or broker-dealers or exempt from such registration, receive fees for their services and compensation from Hancock Investment Advisors for referrals of Program Participants. The amount of compensation earned for these referrals may be greater than the compensation that would otherwise be received if the services were provided separately. Accordingly, there may be a greater incentive for these individuals to recommend participation in this program.

It is Hancock Investment Advisors' 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.

### **Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per

client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. Hancock Investment Advisors has no additional financial circumstances to report.