

# **Holt & Shapard Capital Management, LLC**

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**February 4, 2011**

## **FORM ADV PART 2A BROCHURE**

**This brochure provides information about the qualifications and business practices of Holt & Shapard Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 314/367-6300. 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 Holt & Shapard Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Holt & Shapard Capital Management, LLC is 119326.**

**Holt & Shapard Capital Management, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill training.**

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### ***Summary of Material Changes Since February 1, 2010***

**Holt & Shapard Capital Management, LLC provides material changes that have occurred since the last update to our brochure (ADV Part 2A) on February 1, 2010.**

Holt & Shapard Capital Management has experienced no material changes since our last ADV Part 2 update on February 1, 2010. However, HSCM has modified our ADV Part 2 disclosure brochure by providing a plain English narrative brochure that provides important information to current clients or individuals looking to invest with HSCM.

If the reader has questions, please contact Wistar Holt or Charles Shapard at 314/367-6300.

## **Advisory Business**

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- A. Holt & Shapard Capital Management, L.L.C. (HSCM) is a fee-based investment advisory business catering primarily to individual and individual retirement accounts. Its two owners Wistar Holt (Managing Member & Portfolio Manager) and Charles Shapard (Managing Member and Chief Compliance Officer) founded the privately held firm in April 2002.
- B. HSCM provides investment advisory services involving equities, debt instruments, and money market vehicles. Advisor will exercise discretionary management services for the portfolio, which shall include the acquisition and the disposition of securities. Assets will be domiciled with Charles Schwab.

Since the inception of the firm, the Portfolio Manager, Wistar Holt has primarily utilized listed equities (and to a lesser degree, mutual funds for small accounts) within the precious metal mining sector (gold/silver). Wistar Holt believes that the fundamentals for a precious metals strategy remain strong and opportunistic. However, HSCM clients are aware that Holt's deep-value oriented philosophy can transform back toward traditional equities when he believes a fundamental shift in strategy is appropriate.

- C. Clients invest with HSCM because they recognize the expertise the firm exhibits in the precious metal sector. Therefore, HSCM does not attempt to be all things to all people and manage a client's entire portfolio unless they prefer to be concentrated in HSCM's current precious metals investment strategy. Rather, the firm initially discusses the client's total portfolio and individual investment objectives and based on these client needs, an amount of total assets to be managed by HSCM is determined. Clients have the capability to restrict certain investments but it rarely occurs.
- D. Almost all HSCM accounts are fee-based. Occasionally, HSCM will accept other client assets, which are segregated and may not be charged a fee. Examples may include Treasury Bonds and other traditional asset.
- E. As of February 4, 2011, 100% of all assets under HSCM (\$42,500,000) were managed on a discretionary basis.

## ***Fees and Compensation***

Form ADV Part 2A

- A. Management fees are based on a percentage of assets as shown in the following schedule:

<u>Asset Value</u>	<u>Annual Fee Percent</u>
First \$1,000,000	2.25%
Second \$1,000,000	1.65%
Over \$2,000,000	1.00%

Under special situations, fees may be negotiated.

- B. All clients are invoiced for advisory services within 7 days of the end of the calendar quarter. Fees are then deducted from the account on the 12<sup>th</sup> day of the first month following the end of the calendar quarter. Clients also have the option to pay fees by check if they choose to avoid having their fees deducted.
- C. HSCM clients pay a (reduced institutional rate) commission on transactions completed by the custodian broker, Charles Schwab. In addition, clients incur expenses for mutual funds or alternative investments.
- D. Fees are calculated and charged in advance on the portfolio value at the end of each calendar quarter. The actual number of days a contribution or withdrawal occurs will prorate capital flow in or out of the account. Capital flow of less than \$1,000 will not be considered in the prorating of fees. Upon inception, the fee on a new account will be prorated. Upon cancellation of a contract, a prorated portion of the fee will be refunded based on the seventh day after receipt of written notification.
- E. HSCM employees and its principals do not accept direct compensation for the sale of securities or other investment products. However, clients holding mutual funds pay a direct management fee to the advisor of the mutual fund. In addition, mutual fund clients pay an incremental management fee to HSCM as part of the management fee assigned to the overall asset value. Clients have the option to purchase investment products that HSCM recommends through other broker dealers that are currently unaffiliated with HSCM.

### ***Performance-Based Fees and Side-By-Side Management***

Form ADV Part 2A

HSCM and its principals do not offer or accept performance-based fees – that is, fees based on a share of capital gains that occur on the assets of the account. Management fees are strictly based on assets value at the end of the calendar quarter.

### ***Types of Clients***

Form ADV Part 2A

HSCM primary clients are individual investors who open taxable and/or retirement accounts. Many of these individual investors have established trust accounts in which we manage with discretion. Additionally, HSCM manages a few 401k accounts for small businesses.

Our account minimum is \$100,000, but can be waived in appropriate situations.

## ***Methods of Analysis, Investment Strategies and Risk of Loss***

Form ADV Part 2A

- A. Since its inception in April 2002, HSCM has focused almost exclusively on equity and mutual fund investments related to precious metal mining companies (gold/silver). The Portfolio Manager, Wistar Holt, utilizes fundamental analysis, involving comprehensive research. Additionally, Holt utilizes charts and technical analysis to confirm his investment strategy. Clients understand that any investment involves risk and that performance is never guaranteed by HSCM and that losses may occur. Detailed information referencing our philosophy, investment strategy, and personnel is available on our web-site at [www.holtshapard.com](http://www.holtshapard.com)
- B. By concentrating in one specific sector, clients of HSCM are subjected to additional risks that might be avoided through greater diversification. The opportunity for diversification is discussed at length during the initial investment meeting. Most clients (not all) maintain diversified investments elsewhere.
- C. In addition to a concentration in the precious metal mining sector, many HSCM clients are also heavily concentrated in one specific company within the precious mining industry—ECU Silver Mining, Inc. (ECU). The concentration resulted after the gold and silver industry went through a massive downturn in 2H '08, orchestrated by traders at a few, specific bullion banks. It has been presumed that ECU would provide the best opportunity to recapture account values in a recovery of the metal prices. Nonetheless, this concentration does incur additional risk.



***Disciplinary Information***

Form ADV Part 2A

Neither HSCM, nor any of its principals, Wistar Holt or Charles Shapard have been, or currently are, subjected to any legal or disciplinary events.

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

Form ADV Part 2A

- A. Neither HSCM, nor any of the principals are registered with a broker-dealer, or plan to register with a broker-dealer, or a registered representative of a broker-dealer.
- B. Neither HSCM, nor any of the principals are registered with a futures commission merchant, commodity pool operator, a commodity-trading advisor, or an associated person of the foregoing entities.
- C. Neither HSCM, nor any of the principals have a relationship with any broker dealer, municipal securities dealer, government securities dealer, investment company, advisor or financial planner, commodity pool operator, banking institution, accounting firm, law firm, insurance company, pension consultant, real estate broker or sponsor of limited partnerships which is material to our advisory business or our clients.
- D. Neither HSCM, nor its principals recommend or select other investment advisors for our clients. Neither HSCM, nor its principals receive any compensation from other investment advisors. Neither HSCM, nor its principals have any business relationships with other investment advisors.

***Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

Form ADV Part 2A

- A. HSCM has adopted a code of ethics (available at anytime upon request) to conduct its business with the highest level of ethical standards and in keeping with its fiduciary duties to its clients. HSCM has a responsibility to exercise its management and authority for the benefit of its clients, to place its clients first, and to refrain from having outside interests that conflict with the interests of the clients. The Company must avoid any circumstances that might adversely affect or appear to affect its duty of complete loyalty to its clients. HSCM will not disclose any nonpublic personal information about a client to any unaffiliated third party unless the client expressly provides permission for HSCM to do so.
- B. Neither HSCM, nor its principals buys or sells securities for the clients in which we have a direct material financial interest.
- C. HSCM does inform clients that the principals invest in many of the same companies that are purchased for the clients. This is widely appreciated by the clients— understanding that the HSCM principals have their own capital in the same companies that the clients are invested. The market capitalization of the companies involved is also large enough that trading should not cause a conflict of interest. Any situations that may reasonably be considered a conflict of interest will be fully disclosed to the clients.
- D. HSCM and its principals attempt to avoid any conflict of interest with client accounts when personal trading is involved. Thus, if a principal and client transact simultaneously, all parties involved will receive the same average price.

## ***Brokerage Practices***

Form ADV Part 2A

- A. HSCM recommends discount brokers for the use of our services. HSCM has utilized Charles Schwab, Inc. exclusively as the client broker since inception in April 2002. Assets are domiciled, and all transactions are executed through Schwab. The reasons for choosing Schwab are the following, (1) competitiveness of commission since our clients receive the institutional rate. In addition, Schwab allows HSCM to utilize their traders when necessary, at no additional cost, (2) professional execution of orders, (3) visibility, recognition, and security of Schwab (4) quality of services, reports and institutional web site. All of these reasons strictly benefit the clients. HSCM receives no compensation from Charles Schwab either directly or indirectly through a soft dollar policy.

Annually, HSCM surveys several discount brokers in order to validate that our clients continue to receive best execution. After reviewing these differences, we determine our broker of choice.

- B. HSCM receives no client referrals from Schwab.
- C. Charles Schwab, Inc. is the only broker-dealer that HSCM utilizes for client transactions, for the above-mentioned reasons. Although available, clients have never requested that HSCM conduct transactions at any other broker-dealer. Requesting a specific broker dealer (other than Schwab) may interfere in HSCM ability to achieve best execution and result in higher transaction costs for the client.
- D. When appropriate, HSCM bunches client trades executed on the same day in order to obtain best execution and price. All clients receive the same execution price and pay the individual client's prevailing commission rate. Occasionally, due to the thinness of certain stocks, Holt is sometimes forced to transact the total position over several days and perhaps at different prices. In order to limit trading commission costs to the clients, the Portfolio Manager uses prudent, unbiased discretion to determine how the block trades should be allocated.

## ***Review of Accounts***

Form ADV Part 2A

- A. Portfolio Manager, Wistar Holt reviews client accounts for stock concentration, cash position, and any client specific requirements. Since clients primarily own similar securities within this specific sector, it is not necessary to review each account every month. Alternating every 10 accounts in the master account list, a review is conducted each month for those systematically selected via this process.
- B. Holt reviews portfolios routinely during ordinary daily business and prior to client contacts.
- C. HSCM provides written communication with clients frequently. On an average of 2-3 written reports per month, HSCM keeps clients informed on the macro factors affecting the precious metal's sector and the impact on specific stocks. HSCM appreciates client communication and encourages client to call with questions or arrange for a personal review of their portfolio.

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

Form ADV Part 2A

- A. Neither HSCM, nor its principals receive any economic benefit from non-clients for providing investment advice or other advisory services to clients.
- B. Neither HSCM, nor its principals compensate another person for client referrals.

## ***Custody***

Form ADV Part 2A

Charles Schwab, Inc., acting as custodian for HSCM clients, sends monthly statements directly to clients. Clients are advised by HSCM to review each monthly statement and to contact HSCM if questions arise. Separately, HSCM does not mail additional statements to clients. Under no circumstances will HSCM take custody of client funds, securities or any other assets.

## ***Investment Discretion***

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HSCM offers investment management service on a discretionary (limited power of attorney) basis. In a discretionary account, the Portfolio Manager will have the authority to determine the timing, amount and securities to be bought or sold.

All business conducted at HSCM involves discretionary management. Clients sign the Investment Advisory and Discretionary Management Agreement (the contract), authorizing the Portfolio Manager, Wistar Holt to manage the account with discretion. On the last page of the contract is a place for clients to list "Investment Restrictions." Rarely do restrictions occur.



### ***Voting Client Securities***

Form ADV Part 2A

- A. HSCM will not vote proxies for securities held by clients. Clients or their custodial broker, designees, etc., will be responsible for such voting. Generally, HSCM will not furnish advice to clients regarding voting of proxies, except under special conditions.
  
- B. HSCM does not have the authority to vote client securities. Clients receive their proxies and other solicitations directly from Schwab. Occasionally, clients will call with questions about the proxy, but HSCM refrains from advising clients on their vote.

### ***Financial Information***

Form ADV Part 2A

- A. HSCM does not require or solicit prepayment of more than \$1200 in fees per client or prepayment of six months or more in advance.
- B. HSCM has discretion over their client accounts. There are no financial conditions that reasonably or likely will impair the ability of HSCM to meet contractual commitments to clients.
- C. Neither HSCM, nor its principals have ever been the subjects of bankruptcy.

## ***Requirements for State-Registered Advisers***

Form ADV Part 2A

A. Wistar White Holt – Managing Member and Portfolio Manager

Birth	1954
Education	University of Colorado, 1973-1977, B.S., Marketing
Background	21 years as a registered representative with several major Wall Street firms.
Recent Firms/Titles	Prudential Securities 2001-2002, Sr. VP/Sr. Portfolio Mngr. Paine Webber, Inc. 1993-2001, Sr. VP/Sr. Portfolio Mngr. HSCM 2002-present, Managing Member & Portfolio Manager

Charles Bell Shapard - Managing Member and Chief Compliance Officer

Birth	1954
Education	Jacksonville University, 1973-1977, B.S., Marketing
Background	26 years of executive marketing and management
Recent Firms/Titles	Acosta Sales & Marketing, 1993-2001, Sr. VP Sales HSCM 2002-present, Managing Member & Chief Compliance Officer

B. Neither HSCM, nor its principals are involved in any business other than providing investment advice.

C. Neither HSCM, nor its principals receive performance-based fees.

D. Neither HSCM, nor its principals have been found liable for investment-related business activity, fraud, theft, embezzlement, bribery, forgery, counterfeiting, extortion, or unethical practices.

E. Neither HSCM, nor any of its principals have a relationship or arrangement with any other issuer of securities.

### ***Additional Information***

Form ADV Part 2A

Due to the fact that many precious metal mining companies are domiciled in Canada, HSCM will frequently transact equities listed with the Toronto Stock Exchange (TSX).

Each investment advisory client will be given a copy of the HSCM ADV 2A, HSCM client agreement, the HSCM disaster policy and the HSCM privacy policy. Clients will be informed that if the individual did not receive a copy of these disclosures at least 48 hours before executing the contract, the client has (5) business days to rescind the agreement without penalty.

HSCM has a written contract for use with investment advisory clients. Advisor's investment advisory services will be limited to those services described in the agreement.

Either party may terminate a contract by providing seven days written notice to the other party by mail or in person.

Broker custody of client assets may limit or eliminate registrant's ability to obtain best execution and price in over-the-counter security transaction.

HSCM names Charles Bell Shapard as its Chief Compliance Officer, who is charged with overseeing the preparation and updating of written policies and procedures. Additionally, the Company will conduct periodic audits and assessments of record keeping and management of the business.

HSCM does not recommend the use of margin and will utilize margin only at the specific request of the client.

In general, HSCM requires a four-year degree and Series 7 & 66 qualifications before marketing the firm to prospects and clients.

***Wistar W. Holt & Charles B. Shapard***

**Holt & Shapard Capital Management, LLC.**

**212 N. Kingshighway Suite 1027**

**St. Louis, Missouri 63108**

**314/367-6300**

**February 14, 2011**

**FORM ADV PART 2B  
BROCHURE SUPPLEMENT**

**This brochure supplement is intended to provide material information about Wistar W. Holt & Charles B. Shapard that supplements the Holt & Shapard Capital Management, LLC. ADV Part 2A brochure.**

HSCM has elected to include all the material information about our personnel in the firm's brochure (ADV Part 2A). You should have received a copy of that brochure. Please contact Charles B. Shapard at 314/367-6300 if you did not receive the firm's brochure or if you have any questions about the contents of this supplement.

Additional information about Wistar W. Holt and Charles B. Shapard are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).