



## **Hancock Capital Management, Inc.**

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

**This brochure provides information about the qualifications and business practices of Hancock Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 814-944-8849. 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 Hancock Capital Management, Inc. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Hancock Capital Management, Inc. is 122520.**

**Hancock Capital Management, Inc. 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 or training.**

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## Advisory Business

### **Description of Services and Fees**

Hancock Capital Management, Inc. is a registered investment adviser based in Altoona, Pennsylvania. We are organized as a C corporation under the laws of the State of Pennsylvania. We have been providing investment advisory services since 1996. Allan G. Hancock is our principal owner.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we," "our" and "us" refer to Hancock Capital Management, Inc. and the words "you," "your" and "client" refer to you as either a client or prospective client of our firm. Additionally, you may see the term Associated Person throughout this brochure. As used in this brochure, our Associated Persons are our firm's officers, employees, and all individuals providing investment advice on behalf of our firm.

We are an independent and privately owned investment advisory firm that provides money management services based on principles of Modern Portfolio Theory (MPT). A core principal of MPT is diversification. The goal is to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets.

Currently, we offer the following investment advisory services, which are personalized to each individual client:

- **Portfolio Management Services**
- **Financial Planning Services**
- **Pension Consulting Services**

### **Portfolio Management Services**

We offer non-discretionary portfolio management services. Jointly with you, our firm establishes your investment objectives and strategies are jointly established after considering your investment portfolio, financial goals, risk tolerance, net worth, liquidity, tax bracket, time horizon, and any other relevant factors. The investment strategies are designed to provide you with a sufficiently diversified portfolio based on an asset allocation strategy so as to reduce risk while providing you with a desired return. Typically, we meet with the client annually, at which time the client's investment strategies are reviewed and modified accordingly to reflect any change in the investment objectives. We primarily invest in mutual fund securities. When you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

While we offer stand-alone financial planning services for a separate fee as described below, some degree of planning is inherent to the overall management process. Therefore, certain planning services will be provided for portfolio management clients; however, this would not include a written plan. Any planning services for portfolio management clients is purely incidental to the management process and no additional planning fees will be charged for such services that are incidental to the portfolio management process.

Our fee for portfolio management services is based on a percentage of your assets we manage and is set forth in the following blended fee schedule:

<b>Market Value of Assets</b>	<b>Annualized Fee*</b>
First \$250,000	1.50%
Next \$250,001 - \$500,000	1.25%
Next \$500,001 - \$1,000,000	1.00%

\*Minimum annual fee \$400, also payable quarterly in advance. This is a blended fee schedule, which means fees are calculated for each applicable break point and are then added together. For example, if your account value is \$300,000, it will be calculated as follows:  $(\$250,000 \times 1.50\%) + (\$50,000 \times 1.25\%)$ .

Fees over \$1,000,000 are 0.75% annually; fees over \$2,000,000 are 0.50% annually. These fees are fixed and are not blended. For example, if your account value is between \$1,000,000 and \$1,999,999, the fee will be calculated at 0.75%. Any value \$2,000,000 and over will be calculated at 0.50%.

Our annual portfolio management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter.

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

At our discretion, we may combine the account values of family members living in the same household to determine the applicable advisory fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values may increase the asset total, which may result in your paying a reduced advisory fee based on the available breakpoints in our fee schedule stated above.

We will send you an invoice for the payment of our advisory fee, or we will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy. We will also receive a duplicate copy of your account statements.

We offer periodic monitoring, reviews, and reporting services for assets not included in managed account(s). For example, you may request that we provide periodic advice concerning other assets, such as private placements, assets in outside retirement accounts, etc. We may include such assets in various reports to you regarding your overall financial position. Where we provide periodic advice concerning such other assets, we may bill your managed account based on the value of the other assets, also payable quarterly in advance. The fees and services for assets under management and assets under advisement will be clearly defined in the client services agreement.

You may terminate the portfolio management agreement upon written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the portfolio management agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

### ***Financial Planning Services***

We offer broad-based and consultative financial planning services. Financial planning will typically involve providing a variety of advisory services to clients regarding the management of their financial resources based upon an analysis of their individual needs. If you retain our firm for financial planning services, we will meet with you to gather information about your financial circumstances and objectives. Once we specify those long-term objectives (both financial and non-financial), we will develop shorter-term, targeted objectives. Once we review and analyze the information you provide to our firm and the data derived from our financial planning software, we will deliver a written plan to you, designed to help you achieve your stated financial goals and objectives.

Financial plans are based on your financial situation at the time we present the plan to you, and on the financial information you provide to our firm. You must promptly notify our firm if your financial situation, goals, objectives, or needs change.

You are under no obligation to act on our financial planning recommendations. Should you choose to act on any of our recommendations, you are not obligated to implement the financial plan through any of our other investment advisory services. Moreover, you may act on our recommendations by placing securities transactions with any brokerage firm.

We charge a fixed fee for financial planning services, which generally ranges between \$300 and \$10,000 or an hourly fee that ranges between \$75 and \$150. The fee is negotiable depending upon the complexity and scope of the plan, your financial situation, and your objectives. An estimate of the total time/cost will be determined at the start of the advisory relationship. In limited circumstances, the cost/time could potentially exceed the initial estimate. In such cases, we will notify you and request that you approve the additional fee.

For preparation of an initial financial plan, we require that you pay 20% of the estimated fee in advance and the remaining portion upon the completion of the services rendered. In special circumstances, other fee payment arrangements may be negotiated. If it is determined that you only need an individual consultation, you will be obligated to pay the entire fee at the end of the consultation. After a consultation has been conducted, the fee will not be refundable.

You may terminate the financial planning agreement by providing written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the agreement. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

At our discretion, we may waive or offset certain advisory fees should you implement a financial plan, or retain us for portfolio management services. In addition, advisory representatives of our firm that are also registered representatives of a broker/dealer and/or insurance agents receive compensation from other sources (i.e. commissions from the sale of mutual funds and/or commissions from insurance products). We may offset such fees to reflect the additional compensation earned, to the extent permitted by law.

### ***Pension Consulting Services***

We offer pension consulting services to employee benefit plans and their fiduciaries based upon the needs of the plan and the services requested by the plan sponsor or named fiduciary. In general, these services may include an existing plan review and analysis, plan-level advice regarding fund selection and investment options, education services to plan participants, investment performance monitoring, and/or ongoing consulting. These pension consulting services will generally be non-discretionary and advisory in nature. The ultimate decision to act on behalf of the plan shall remain with the plan sponsor or other named fiduciary.

We will be compensated based on a percentage of the total value of the plan assets. Fees are not determined by the type of asset chosen by the participant(s). Pension consulting fees are payable quarterly in advance. However, other fee-paying arrangements may be negotiated. The amount of the fee is negotiated on a case-by-case basis with the plan sponsor, and is determined based upon a number of factors including, but not limited to, the number of plan participants and frequency of the education services requested. The final fee and fee-paying arrangements will be clearly set forth in the pension consulting services agreement signed by our firm and the plan sponsor.

Either party to the pension consulting agreement may terminate the agreement upon 30-days' written notice to the other party. The pension consulting fees will be prorated for the quarter in which the termination notice is given and any unearned fees will be refunded to the client.

### **Types of Investments**

We offer advice on equity securities, certificates of deposit, municipal securities, investment company securities, and US Government securities.

Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

You may request that we refrain from investing in particular securities or certain types of securities. You must provide these restrictions to our firm in writing.

### **Assets Under Management**

As of December 31, 2010, we manage \$38,470,480 in client assets on a non-discretionary basis. We do not manage assets on a discretionary basis.

## ***Fees and Compensation***

Please refer to the "Advisory Business" section in this brochure for information on our advisory fees, fee deduction arrangements, and refund policy according to each service we offer.

### **Additional Fees and Expenses**

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You may also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

### **Compensation for the Sale of Securities or Other Investment Products**

Persons providing investment advice on behalf of our firm are registered representatives of Princor Financial Services Corporation ("Princor"), a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In their capacity as registered representatives, these persons may receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by these persons in their capacities as registered representatives is separate and in addition to our advisory fees. The receipt of additional compensation may give incentive to recommend insurance products based on the compensation received. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

Princor is also registered with the SEC as an investment adviser. One or more persons associated with our firm may also be registered with Princor as an investment adviser representative. Advisory services offered through Princor are separate and distinct from advisory services offered through our firm. It is not expected that advisory clients of our firm will become clients of Princor.

We may recommend that you purchase variable annuities to be included in your investment portfolio(s). Persons providing investment advice on behalf of our firm may earn commissions on the sale of the variable annuities in his or her capacity as a registered representative of Princor. Annuities will be purchased for your account only after you receive a prospectus disclosing the terms of the annuity. You are under no obligation, contractually or otherwise, to purchase variable annuities through any person affiliated with our firm.

Persons providing investment advice on behalf of our firm are licensed as independent insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate and in addition to our advisory fees. Compensation earned by these persons in their capacities as insurance agents is separate and in addition to our advisory fees. The receipt of additional compensation may give incentive to recommend insurance products based on the compensation received. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

At our discretion, we may offset our advisory fees to the extent our Associated Persons earn commissions in their separate capacities as registered representatives and/or insurance agents.

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

We do not accept performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged based on a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. We do not participate in side-by-side management of your accounts with performance-based fee accounts.

## ***Types of Clients***

We offer investment advisory services to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

Our portfolio management services are subject to a \$400 minimum annual fee. Exception to this minimum fee requirement may be made at our discretion. We may also combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts to meet the stated minimum.

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

### **Our Methods of Analysis and Investment Strategies**

Our primary method of analysis is based on Modern Portfolio Theory (MPT). A core principal of MPT is diversification. The goal is to maximize portfolio expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by carefully choosing the proportions of various assets. MPT is a mathematical formulation of the concept of diversification in investing, with the aim of selecting a collection of investment assets that has collectively lower risk than any individual asset. The risk, return, and correlation measures used by MPT are mathematical statements about the future. In practice, investors must substitute predictions based on historical measurements of asset return and volatility for these values in the equations. Very often, such expected values fail to take account of new circumstances, which did not exist when the historical data were generated.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

No investment strategy or method of analysis can assure that any trade or investment will result in a profit. Furthermore, each client must understand that any trade or investment could result in a loss and that the value of any client portfolio could decline below the original investment.



We may use one or more of the following methods of analysis or investment strategies when providing investment advice to you:

**Fundamental Analysis** – involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data are used to measure the intrinsic value of the company's stock compared to the current market value. Risks associated with fundamental analysis include that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for a stock's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Long-Term Purchases** – securities purchased with the expectation that the value of those securities will grow over a relatively long period, generally greater than one year. Long-term purchases may be affected by unforeseen long-term changes in the company in which you are invested or in the overall market.

#### **Tax Considerations**

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

#### **Risk of Loss**

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

#### **General Types Risks:**

- **Market Risk:** volatility, or the day-to-day fluctuations in stock prices.
- **Credit Risk:** the risk that a company or individual will be unable to pay the contractual interest or principal on its debt obligations.
- **Interest Rate Risk:** the risk that an investment's value will change as a result of a change in interest rates.
- **Country Risk:** the risk that a country will not be able to honor its financial commitments.
- **Political Risk:** the risk that a country's government will suddenly change its policies.
- **Foreign-Exchange Risk:** the risk that returns could be reduced when investing in foreign countries due to currency exchange rates changing the prices of assets.

#### **Recommendation of Particular Types of Securities**

As disclosed under the *Advisory Business* section in this brochure, we advise on various types of securities. We do not necessarily recommend one particular type of security over another, since each client has different needs and different tolerances for risk. Each type of security has its own unique set of associated risks. Risks can vary widely, even within the same type of securities. However, in very general terms, the higher the anticipated return of an investment, the higher the risk of loss associated with it.



We do recommend mutual funds and some exchange traded funds. Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds and exchange-traded funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds and exchange-traded funds can be reduced by the costs to manage the funds. In addition, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds charge such fees, which can also reduce returns. Mutual funds can also be "closed end" or "open end." So-called "open end" mutual funds continue to allow in new investors indefinitely, which can dilute other investors' interests. We primarily recommend no-load funds.

Mutual funds are subject to manager risk. The risk that an actively managed mutual fund's investment adviser will fail to execute the fund's investment strategy effectively could result in the failure of stated objectives. Mutual funds are also subject to principal risk where the investment could go down in value or lose money.

### ***Disciplinary Information***

Hancock Capital Management, Inc. has been registered and providing investment advisory services since 1996. Neither our firm nor any of our Associated Persons has any reportable disciplinary information.

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

#### **Registrations with Broker-Dealer**

Persons providing investment advice on behalf of our firm are registered representatives with Princor, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Compensation earned by these persons in their capacities as insurance agents is separate and in addition to our advisory fees. The receipt of additional compensation may give incentive to recommend insurance products based on the compensation received.

#### **Registrations with Other Advisers**

Princor is also registered with the SEC as an investment adviser. One or more persons associated with our firm may also be registered with Princor as an investment adviser representative. Advisory services offered through Princor are separate and distinct from advisory services offered through our firm. It is not expected that advisory clients of our firm will become clients of Princor.

#### **Insurance**

Persons providing investment advice on behalf of our firm are licensed as insurance agents. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to you. Insurance commissions earned by these persons are separate from our advisory fees. The receipt of additional compensation may give incentive to recommend insurance products based on the compensation received. However, you are under no obligation, contractually or otherwise, to purchase securities products through any person affiliated with our firm.

### **Arrangements with Affiliated Entities**

Through common control and ownership, we are affiliated with The Hancock Group, an umbrella corporation for other businesses under Allan G. Hancock's ownership. The services provided through The Hancock Group, and compensation received, are separate and distinct from the investment advisory services provided through our firm.

Allan G. Hancock, CEO and sole owner of Hancock Capital Management, Inc., is also the President of Hancock Management, Inc., a real estate holding company, and Allrex Realty, Inc., a land holding company.

Allan G. Hancock, CEO and sole owner of our firm, is also the President and shareholder of Allan Hancock Agency, Inc., and Hancock Associates, Inc., both of which are licensed independent insurance agencies. Mr. Hancock, and other associated persons of our firm are licensed to sell insurance products through these agencies, and through a variety of other product sponsors. As such, the advisory representatives of our firm, who are separately licensed as insurance agents, can effect transactions in insurance products, and earn separate commission based compensation.

Mr. Hancock also serves as the Treasurer of The Argyle Group, Inc., a licensed insurance broker, and independent marketing organization. The services provided through The Argyle Group, Inc., and any compensation received, are separate and distinct from the investment advisory services provided through our firm.

Allan G. Hancock serves as the President of Central PA Community Foundation ("Foundation"), a public, non-profit, tax-exempt corporation. The primary focus of the Foundation is to allow donors to establish endowments for various organizations such as, a library, school, religious, health, art, or social institution. Advisory clients of our firm may be donors to the Foundation.

Related persons of our firm may serve as the trustee for various trust accounts for which we provide advisory services. Where a related person serves as trustee and we serve as investment adviser for the trust, we would not have physical custody of your funds or securities. Additionally, an independent representative will receive monthly and/or quarterly statements directly from the account custodian.

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

### **Description of Our Code of Ethics**

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our Associated Persons. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All of our Associated Persons are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

### **Participation or Interest in Client Transactions**

Neither our firm nor any of our Associated Persons has any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

### **Personal Trading Practices**

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. A potential conflict of interest exists in such cases because we have the ability to trade ahead of you and potentially receive more favorable prices than you will receive. To eliminate this potential conflict of interest, it is our policy that neither our Associated Persons nor we shall have priority over your account in the purchase or sale of securities.

## ***Brokerage Practices***

We endeavor to select brokers or dealers that provide quality services at reasonable commission rates and fees. The reasonableness of commissions and fees is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, and other services.

Our firm typically recommends that you establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab Institutional"), a registered broker-dealer, member SIPC/NYSE, and/or with TD Ameritrade Institutional, a division of TD Ameritrade, inc., member FINRA/SIPC (hereinafter "TD Ameritrade"), among others, to maintain custody of the client's assets and to effect trades for your accounts.

We participate in the TD AMERITRADE Institutional program, which offers independent investment advisers services that include custody of securities, trade execution, clearance, and settlement of transactions. We receive some benefits from TD AMERITRADE through our participation in the program.

In suggesting a broker dealer, we will endeavor to select those brokers or dealers that will provide the best services at the lowest commission rates possible. The reasonableness of commissions is based on several factors, including the broker's ability to provide professional services, competitive commission rates, volume discounts, execution price negotiations, the broker's reputation, experience, and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions.

Best execution is not measured solely by reference to commission rates. Paying a broker a higher commission rate than another broker might charge is permissible if the difference in cost is reasonably justified by the quality of the brokerage services offered. In addition, we may cause the account to pay a higher commission in recognition of the value of "research services" and additional brokerage products and services a broker-dealer has provided or may be willing to provide.

As disclosed above advisory representatives of our firm are registered as representatives of Princor, a broker/dealer, and FINRA member firm. Princor is required to supervise the securities trading activities of its representatives. As such, advisory representatives of our firm who are registered representatives of Princor are subject to various rules that may restrict such registered individuals from conducting securities transactions away from Princor unless Princor provides the representative with written authorization. Therefore, you are advised that we may be limited to conducting all or certain securities transactions through Princor and its clearing firm or through a firm that Princor has approved for our use.

### **Research and Other Soft Dollar Benefits**

As disclosed above, we participate in TD AMERITRADE's institutional customer program and we may recommend TD AMERITRADE for custody and brokerage services. There is no direct link between our participation in the program and the investment advice we give, although we receive economic benefits through our participation in the program that are typically not available to TD AMERITRADE retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate

securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to us by third party vendors. TD AMERITRADE may also have paid for business consulting and professional services received by our associates. Some of the products and services made available by TD AMERITRADE through the program may benefit us but may not benefit our clients' accounts. These products or services may assist us in managing and administering client accounts, including accounts not maintained at TD AMERITRADE. Other services made available by TD AMERITRADE are intended to help us manage and further develop our business enterprise. The benefits received by us through our participation in the program do not depend on the amount of brokerage transactions directed to TD AMERITRADE. As part of its fiduciary duties to you, we endeavor at all times to put your interests first. You should be aware, however, that the receipt of economic benefits by us or our associates in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD AMERITRADE for custody and brokerage services.

Additionally, we may recommend you establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, member SIPC, to maintain custody of your assets and to effect trades for your accounts. We are independently owned and operated, and are not affiliated with Schwab. Schwab provides us with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to us, so long as a total of at least \$10 million of our client assets is maintained in accounts at Schwab Institutional. Such services are not otherwise contingent upon our committing to Schwab any specific amount of business (assets in custody or trading). Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or that would require a significantly higher minimum initial investment.

For our client accounts maintained in its custody, Schwab generally does not charge separately for custody, but Schwab is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to us other products and services that benefit us but may not benefit your account. Some of these other products and services assist us in managing and administering your accounts. These products and services include software and other technology that: provide access to your account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information, and other market data; facilitate payment of our fees from your account; and provide assistance with back-office functions, recordkeeping, and client reporting. Generally, many of these services may be used to service all or a substantial number of our client accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to us other services intended to help us manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange, and/or pay for these types of services rendered to us by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to us. As a fiduciary, we endeavor to act in your best interests. However our recommendation that you maintain your assets in accounts at Schwab may be based in part on benefits provided to us by the availability of some of the foregoing products and services and not solely on the nature, cost, or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest

#### **Brokerage for Client Referrals**

We do not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

### **Directed Brokerage**

Persons providing investment advice on behalf of our firm who are registered representatives of Princor will recommend Princor or a custodian that has been approved by Princor for your brokerage services. These individuals are subject to applicable rules that restrict them from conducting securities transactions away from Princor unless Princor provides the representative with written authorization to do so. Therefore, these individuals are generally limited to conducting securities transactions through Princor or a custodian that has been approved by Princor. If transactions are executed through Princor, these individuals (in their separate capacities as registered representatives of Princor) may earn commission-based compensation as result of placing the recommended securities transactions through Princor. This practice may present a potential conflict of interest because these registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. You may utilize the broker-dealer of your choice and have no obligation to purchase or sell securities through such broker as, we recommend. However, if you do not use Princor or a custodian that has been approved by Princor, we may not be able to accept your account. Please see the "Fees and Compensation" section in this brochure for more information on the compensation received by registered representatives who are affiliated with our firm.

### **Block Trades**

We do not combine multiple orders for shares of the same securities purchased for advisory accounts we manage (the practice of combining multiple orders for shares of the same securities is commonly referred to as "block trading"). Accordingly, you may pay different prices for the same securities transactions than other clients pay. Furthermore, we may not be able to buy and sell the same quantities of securities for you and you may pay higher commissions, fees, and/or transaction costs than other clients.

## ***Review of Accounts***

Robert E. Donlan, President & Chief Compliance Officer of Hancock Capital Management, Inc. will monitor your accounts on a periodic basis, at your request or as required based on the signed agreement for services with a goal of conducting a review at least annually, performed by the applicable investment adviser representative.

If you are a financial planning client that has not implemented the plan through our firm, review and updates to the financial plan will be provided only at your request and may be subject to a an additional fee. Such arrangements are negotiated in advance of services being rendered.

In addition, you will receive trade confirmations and monthly or quarterly statements from your account custodian(s). We will provide quarterly account statements detailing investment holdings, asset allocation, and billing information

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

As disclosed under the "Fees and Compensation" section in this brochure, persons providing investment advice on behalf of our firm are licensed insurance agents, and are registered representatives with Princor, a securities broker-dealer, and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. For information on the potential conflicts of interest this may present, and how we address these potential conflicts, please refer to the "Fees and Compensation" section.

We directly compensate non-employee (outside) consultants, individuals, and/or entities (Solicitors) for client

referrals. In order to receive a cash referral fee from our firm, Solicitors must comply with the requirements of the jurisdictions in which they operate. If you were referred to our firm by a Solicitor, you should have received a copy of this brochure along with the Solicitor's disclosure statement at the time of the referral. If you become a client, the Solicitor that referred you to our firm will receive a percentage of the advisory fee you pay our firm for as long as you are a client with our firm, or until such time as our agreement with the Solicitor expires or a one-time, flat referral fee upon your signing an advisory agreement with our firm. You will not pay additional fees because of this referral arrangement. Referral fees paid to a Solicitor are contingent upon your entering into an advisory agreement with our firm. Therefore, a Solicitor has a financial incentive to recommend our firm to you for advisory services. This may create a potential conflict of interest; however, you are not obligated to retain our firm for advisory services. Comparable services and/or lower fees may be available through other firms.

Solicitors that refer business to more than one investment adviser may have a financial incentive to recommend advisers with more favorable compensation arrangements. We request that our Solicitors disclose to you whether multiple referral relationships exist and that comparable services may be available from other advisers for lower fees and/or where the Solicitor's compensation is less favorable.

### ***Custody***

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy. We will also provide statements to you reflecting the amount of advisory fee deducted from your account.

You should compare our statements with the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

### ***Investment Discretion***

When you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.



## ***Voting Client Securities***

### **Proxy Voting**

We will not vote proxies on behalf of your advisory accounts. At your request, we may offer you advice regarding corporate actions and the exercise of your proxy voting rights. If you own shares of common stock or mutual funds, you are responsible for exercising your right to vote as a shareholder.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by electronic mail, in which case, we would forward any electronic solicitation to vote proxies.

## ***Financial Information***

Our firm does not have any financial conditions or impairments that would prevent us from meeting our contractual commitments to you. We do not take physical custody of client funds or securities, and we do not require the prepayment of more than \$1,200 in fees six or more months in advance. Therefore, we are not required to include a financial statement with this brochure.

## ***Additional Information***

### **Your Privacy**

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

### **Trade Errors**

In the event a trading error occurs in your account, our policy is to restore your account to the position it should have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account. If a trade error results in a



profit, the trade error will be corrected in the trade error account of the executing broker-dealer and you will not keep the profit.

**Class Action Lawsuits**

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation nor do we initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.