

# Hollis Capital Management, LLC

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San Francisco, CA 94105

(415) 546-2205

April 1, 2011

This brochure provides information about the qualifications and business practices of Hollis Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at the telephone number above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or any state securities authority.

Hollis Capital Management, LLC is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the adviser.

Additional information about Hollis Capital Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2: MATERIAL CHANGES

On July 28, 2010, the United States Securities and Exchange Commission (“SEC”) published “Amendments to Form ADV” which changes the form of the disclosure document that registered advisers are required to provide to clients. This Brochure dated April 1, 2011 has been prepared according to the SEC’s new requirements and rules.

In the future, this Item 2 will discuss only specific material changes that are made to this Brochure and provide you with a summary of the changes. We will also reference the date of our last annual update of our Brochure.

Pursuant to new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days after the close of our business’ fiscal year.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Sheri Siegel at the telephone number on the cover page or [sheri@holliscapital.com](mailto:sheri@holliscapital.com).

## ITEM 3

### TABLE OF CONTENTS

Item 1: Cover Sheet	
Item 2: Material Changes	
Item 3: Table of Contents	
Item 2: Material Changes.....	2
Item 4: Advisory Business .....	1
Who We Are .....	1
The Services we offer .....	1
Assets under management.....	1
Item 5: Fees and Compensation .....	1
Item 6: Performance-Based Fees and Side-By-Side Management .....	2
Item 7: Types of Clients.....	3
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss.....	3
Item 9: Disciplinary Information .....	3
Item 10: Other Financial Industry Activities and Affiliations .....	3
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	4
Code of Ethics.....	4
Personal Trading.....	4
Item 12: Brokerage Practices .....	4
How We Select Brokers.....	4
Soft Dollars .....	5
Item 13: Review of Accounts.....	6
Item 14: Client Referrals and Other Compensation.....	7
Item 15: Custody.....	7
Item 16: Investment Discretion.....	7
Item 17: Voting Client Securities.....	7
Item 18: Financial Information .....	7

## ITEM 4: ADVISORY BUSINESS

### Who We Are

Hollis Capital Management, LLC (referred to as “we,” “our,” “us,” or “HCM”) is a California limited liability company. HCM has been registered as an investment adviser since May 2001. Our principal portfolio manager is Paul J. Siegel. HCM is owned by Hollis Capital Management, Inc., a close corporation which is wholly-owned by Mr. Siegel.

### The Services we offer

Our only business is serving as the general partner of one private investment limited partnership, Hollis Capital Partners, L.P. (the “Fund”).

### Scope of Services

We manage the assets of the Fund under the powers conferred upon us by the Fund’s constitutional documents in accordance with the investment guidelines set forth in its offering materials. Each prospective subscriber in the Fund receives a complete set of offering materials prior to investing. Other than the restrictions set forth therein, the Fund’s limited partners may not impose restrictions on investing in certain securities or types of securities.

### Wrap fee programs

We do not offer wrap fee programs.

### Assets under management

We had \$45,068,000 in discretionary assets under management as of December 31, 2010. We do not manage any assets on a non-discretionary basis.

## ITEM 5: FEES AND COMPENSATION

We receive both an asset-based management fee and a performance fee for managing the Fund. The management fee is 1% per year. The management fee is billed quarterly in advance, based on the value of the assets of the Fund as of first day of the calendar quarter.

The performance fee is 20% of the Fund’s “new profits” earned over a fixed time period, usually annually. For purposes of this fee calculation, “new profits” include realized and unrealized gains and losses but only to the extent those new profits exceed previous losses that have not been recovered. This limitation, generally referred to as a “high water mark,” is intended to prevent us from receiving a performance fee as to Fund profits that simply restore previous losses. In other words, we are entitled to receive a performance fee only to the extent the Fund’s profits through the current measurement period exceed the highest level of profits for all prior measurement periods. Solely for purposes of computing the performance fee, net profits and net losses include unrealized gains and losses. If you withdraw capital from the Fund, the performance fee on the amount withdrawn will be calculated as of the withdrawal date.

Our fees generally are not negotiable, although we reserve the right to reduce them for large investments by institutional and high net worth investors.

#### Other Fees and Costs

In addition to the management and performance fees, the Fund incurs costs associated with making investments on behalf of the Fund. For example, these costs may include:

- Management fees for exchange traded funds (“ETFs”) and mutual funds. These are fees charged by the managers of the ETF or mutual fund and are a portion of the expenses of the ETF or mutual fund.
- Brokerage costs, transaction fees and other investment-related fees. These may include commissions, bid-ask spreads, mark-ups, interest on margin borrowing, costs relating to short sales, clearing costs, transfer taxes and custodian fees. The Fund’s investment strategy may involve a high level of trading, and the turnover of its portfolio may generate substantial transaction costs. These costs will be borne by the Fund regardless of the Fund’s profitability. These fees are generally charged by your custodian and/or executing broker. See “Item 12: Brokerage Practices” for additional information about brokerage costs and services.

We are also entitled to be reimbursed by the Fund for most of the Fund’s direct and indirect operating costs and expenses. These may include, for example, the Fund’s ongoing accounting, auditing, bookkeeping, tax preparation, administration, legal, consulting and other professional fees and expenses and costs associated with dissolution, winding up, liquidation or termination of the Fund. The expenses of operating the Fund may be substantial, and may exceed its income, thereby requiring the difference to be paid out of the Fund’s assets, reducing the Fund’s investment capital and potential for profitability.

The Fund also might incur certain extraordinary/contingent expenses arising from indemnification provisions (and the like) within the Fund’s constitutional documents and/or contracts to which it becomes a party. For example, if HCM or any of our employees is sued for any act or omission arising from our role as the Fund’s general partner, and we suffer any losses, damages or costs or expenses as a result of the lawsuit, under some circumstances, the Fund may be obligated to reimburse us for our losses, damages or costs. The costs for which the Fund might be responsible include attorney’s fees. In other words, if HCM or any of its employees is sued and it becomes necessary to engage counsel, the Fund may be obligated under some circumstances to pay the resulting legal fees as they become due.

We believe the fees mentioned above are competitive. However, you may be able to obtain similar services from other sources at a lower price.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Only certain pre-selected persons are allowed to invest in the Fund. To be eligible to invest, subscribers must meet certain net worth requirements. To meet these requirements, at a minimum, each subscriber must:

- Have a net worth (together with your spouse) of at least \$1.5 million, or
- Invest at least \$750,000 in the Fund .

Performance based fee arrangements may create an incentive for us to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement.

## ITEM 7: TYPES OF CLIENTS

The Fund is open to certain pre-selected individual and institutional investors including, for example, corporate pension and profit-sharing plans, charitable institutions, foundations, endowments.

Each of the Fund's investors is required to invest at least \$500,000 and maintain that minimum. However, this minimum may be waived in our sole and absolute discretion.

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### *Hollis Capital Partners, LP (the "Fund")*

The Fund is a private investment partnership—commonly referred to as a “hedge fund”—designed to maximize investment returns while preserving Fund assets. As its general partner, we focus on companies with favorable earnings momentum and undervalued assets, provided that such companies have relatively strong annual sales and earnings and good returns on equity. We prefer companies that occupy special product niches and possess differentiating characteristics from competing companies. We particularly seek out companies that are not well followed by the general analytical community.

The Partnership's investment activities involve a high degree of risk. The performance of any investment is subject to numerous factors which are neither within our control nor our ability to predict. These factors include a wide range of economic, political, competitive and other conditions which may affect investments in general or specific industries or companies.

The Partnership trades securities actively. Portfolio turnover results in significant brokerage, custody and other transaction costs and expenses. These and other expenses of operating the Partnership are paid out of its capital. Frequent trading, even if it is profitable, may reduce overall returns.

You should be aware of your risk tolerance level and financial situations at all times. We cannot guarantee the successful performance of an investment and we are expressly prohibited from guaranteeing accounts against losses arising from market conditions.

## ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisors are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of the investment adviser and each investment adviser representative providing investment advice to you. We have no information of this type to report.

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither we nor any of our employees have outside financial industry affiliations.

## ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### Code of Ethics

We have adopted a set of guidelines (our “Code of Ethics”), which describe unacceptable conduct by HCM, our employees and others that have access to sensitive Fund information. Summarized, this Code of Ethics prohibits us from:

- placing our interests before yours,
- using non public information gathered when providing services to you for our own gains, or
- engaging in any act, practice or course of business that is, or might be considered, fraudulent, deceptive, manipulative, or in violation of any applicable law, rule or regulation of a governmental agency.

Please contact us if you would like to receive a full copy of our Code of Ethics.

### Personal Trading

Subject to certain limitations set forth in the Code of Ethics, HCM’s employees may deal in the same securities that it purchases, holds or sells on behalf of the Fund. This means HCM may buy or sell some of same securities for the Fund that we (i.e., HCM’s principals and employees) already hold in our personal portfolios. We may also buy for personal investment some of the same securities that are already held in the Fund. It is our policy not to permit employees (or their immediate relatives) to trade in a way that takes advantage of price movements potentially caused by Fund transactions.

We may restrict trading of a particular security for employees if there is a pending trade in that security for the Fund. Whenever practicable, we place trades for employees individually after Fund trades have been completed or as part of a block trade with Fund’s trade. When our trades are placed after the Fund trades, we may receive a better or worse price than that received by the Fund.

## ITEM 12: BROKERAGE PRACTICES

### How We Select Brokers

In selecting brokers to execute portfolio transactions for the Fund, we make a good faith judgment about which broker would be appropriate overall. We take into consideration not only the available prices and rates of brokerage commissions, but also other relevant factors that may include (for example):

- the execution capabilities of the broker/dealer,
- research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis),
- custodial and other services provided by the broker/dealer that are expected to enhance our general portfolio management capabilities,

- the size of the transaction,
- the difficulty of execution,
- the operational facilities of the broker-dealers involved,
- the risk in positioning a block of securities, and
- the quality of the overall brokerage and research services provided by the broker/dealer.

Notwithstanding our efforts to obtain the best execution overall, we may cause the Fund to pay a higher commission for executing a particular transaction than another broker/dealer would have charged for executing the same transaction. We do this if we determine that the amount of the commission is reasonable in relation to the value of the free brokerage and research services provided to us by the broker-dealer. The determination is viewed in terms of either the particular transaction or our overall responsibilities with respect to the Fund.

### Soft Dollars

We have a fiduciary duty to the Fund to obtain best execution, on an overall basis, for the Fund's securities transactions. When determining whether we have obtained best execution, we are guided by Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Safe Harbor"). "Safe harbor" is the legal term for a provision of a statute or a regulation that presumptively reduces or eliminates a party's liability on the grounds that the party performed the actions covered by the safe harbor in good faith.

The Safe Harbor is provided by law to investment advisors like us which have "investment discretion" over client accounts. It protects us from certain state and federal breach of fiduciary obligation claims (including ERISA claims) because we may have "paid up" to obtain free research services and brokerage products. "Paying up" means we caused a client to pay more for a trade than the lowest available commission to compensate the executing broker for giving us free research and certain research-related services. To rely on the Safe Harbor, we must believe in good faith that the amount of the commissions we are paying a particular broker is reasonable in relation to the value of the research services we are getting from that broker. When we "pay up" and the broker, in turn, pays for part of our research services, we are said to be using "soft dollars."

Our use of soft dollars might have some or all of the following consequences: (1) the Fund may pay higher transaction costs than the transaction costs charged by other brokers or dealers who do not offer soft dollar credits, (2) in our capacity as the general partner of the Fund, we may have an incentive to direct the Fund's brokerage to brokers or dealers that do not provide the best possible price, and (3) we may have an incentive to effect more transactions on behalf of the Fund than might otherwise be optimal. The extent of any of the foregoing conflicts of interest between us and the Fund depends in large part on the nature and uses of the services and products we acquire with soft dollars. These conflicts of interest are particularly influential to the extent we have arrangements with brokers that provide for them to pay essential expenses that we would otherwise be required to pay ourselves. We believe the use of soft dollars benefits the Fund, but they do not benefit the Fund exclusively.

Although most if not all of the benefits and services we use soft dollars to acquire are believed to be covered by the Safe Harbor's provisions, we sometimes may use soft dollars to pay for certain uncovered expenditures and services. Payments of soft dollars outside the Safe Harbor do not necessarily involve a breach of fiduciary duty.



Research services covered by the Safe Harbor and provided by brokers may include economic and market information, portfolio strategy advice, industry and company comments, reports and recommendations, access to research analysts, and invitations to attend conferences or meetings with management or industry consultants.

In addition to research services, we may be offered other non-monetary benefits. For example, we may allow broker-dealers to pay for all or some of our quotation and communication services (e.g., Bloomberg, etc.) and other reasonable expenses covered by the Safe Harbor (as we determine in good faith).

Certain services and products for which we are being reimbursed by broker-dealers (or for which broker-dealers are paying) may be used for both research and non-research purposes. In these cases, we may allocate the cost of the product or service between their research and non-research uses and pay only the research portion with soft dollars. The non-research portion might then be paid for with “hard dollars” (i.e., our own working capital). Our interest in determining the allocations may differ from your interests in that we have an incentive to designate as much as possible of the cost as research in order to permit payment with soft dollars.

### Prime Brokerage

We obtain certain services for the Fund, including such services as custodial, recordkeeping, clearing and related services, through what is known as a “prime brokerage” relationship. Under this relationship, a single brokerage firm maintains custody of the Partnership’s assets (either directly or through clearing firms), provides margin credit, locates securities to borrow to facilitate short sales and provides related services, but allows the Fund to use other brokers to execute transactions. This permits us to seek valuable research and to compare execution quality and commission rates, while maintaining only one custodial relationship. The Fund’s prime broker is JP Morgan. JP Morgan is also the custodian of its assets. JP Morgan is compensated through interest on credit balances, margin borrowings, stock loans and brokerage commissions. Under this arrangement, JP Morgan, among other things, arranges for the delivery of securities bought, sold, borrowed and lent, (ii) makes and receives payments for securities, (iii) maintains custody of cash and securities and (iv) provides detailed trading, portfolio and related reports.

The Fund’s obligations to JP Morgan (and its affiliates) may be secured by way of a first priority perfected security interest over all of the Fund’s assets held in custody. JP Morgan (and its affiliates) may transfer to themselves all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for their own purposes.

## ITEM 13: REVIEW OF ACCOUNTS

Paul Siegel and Max Allman review the Fund’s securities transactions on a regular and ongoing basis. We provide each limited partner with periodic reports that generally include unaudited financial statements and information concerning valuations, profits, gains and losses. In addition, we provide audited financial reports and tax-related information on an annual basis.

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

We generally do not use third-party solicitors to provide client or investor referrals.

## ITEM 15: CUSTODY

Custody means holding, directly or indirectly, client funds or securities or having any authority to obtain possession of them. The Securities and Exchange Commission and the State of California have rules and regulations which are designed to safeguard client assets. We follow the rules of the SEC.

As the general partner of the Fund, we are deemed to have custody of the Fund's assets. In order to comply with the regulatory requirements, we have arranged for JP Morgan, a qualified custodian, to hold the Fund's assets. We have also arranged for an independent auditor (Rothstein Kass & Co.) to furnish audited financial statements within 120 days of the Fund's fiscal year-end.

## ITEM 16: INVESTMENT DISCRETION

We manage the Partnership on a discretionary basis and do not allow for any limitations to be placed on our investment authority except as contained in the Partnership's constitutional documents (generally, the Partnership Agreement). Our investment strategies are summarized in Item 8 above, and more completely described in the Partnership's offering materials. In order to invest in the Partnership as a limited partner, you must sign a copy of its Partnership Agreement.

## ITEM 17: VOTING CLIENT SECURITIES

We vote proxies related to securities held by any client in a manner solely in the interest of the client. For purposes of Rule 206(4)-6, "client" means Hollis Capital Partners, LP, rather than the limited partners therein. We consider only those factors that relate to the Fund's investment, including how its vote will economically impact and affect the value of the Fund's investment. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders; proxy votes generally will be cast against proposals having the opposite effect. In voting on each and every issue, we will be solely responsible for voting proxies in the best interests of the Fund and shall vote in a prudent and diligent fashion and only after a careful evaluation of the issue presented on the ballot.

You may request a copy of our Proxy Policies and Procedures and/or information about how a proxy was voted at any time by contacting Sheri Siegel at (415) 546-2205.

## ITEM 18: FINANCIAL INFORMATION

We have no financial commitments that impair our ability to meet contractual and fiduciary commitments to our clients.

Maximillian (“Max”) Driscoll Allman  
Vice President, Portfolio Manager

Hollis Capital Management, LLC

100 Spear Street, Suite 935  
San Francisco, CA 94105

415-526-2207

April 1, 2011

This Brochure Supplement provides information about Mr. Allman that supplements the Hollis Capital LLC Brochure. You should have received a copy of that Brochure. Please contact us at the above telephone number or [sheri@holliscapital.com](mailto:sheri@holliscapital.com) if you did not receive Hollis Capital’s Brochure or if you have any questions about the content of this supplement.

Additional information about Mr. Allman is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Educational Background and Business Experience

Max Allman was born in 1969.

### Educational Background

<u>School Name</u>	<u>Degree</u>	<u>Year</u>	<u>Major(s)</u>
California Polytechnic State Univ.	B.S.	1992	Chartered Financial Analyst Mathematics
California State University SF	M.A.	1996	Economics

### Business Experience

Employment Dates: Jan 1, 2006 - Present  
Employer Name: Hollis Capital Management, LLC  
Type of Business: Investment Adviser  
Job Title and Duties: Vice President and Portfolio Manager

Employment Dates: Prior to 2006  
Employer Name: Husic Capital Management  
Type of Business: Investment Adviser  
Job Title and Duties: Investment Analyst

## Item 3 – Disciplinary Information

Registered investment advisers are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of each investment advisor representative providing investment advice to you. Mr. Allman has no information of this type to report.

## Item 4 – Other Business Activities

Mr. Allman has no other business activities to report.

**Item 5 – Additional Compensation**

Mr. Allman does not receive any economic benefit from any non-client for providing advisory services.

**Item 6 – Supervision**

Mr. Allman's activities are supervised by Paul Siegel, President.

Paul J. Siegel  
President

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This Brochure Supplement provides information about Paul J. Siegel that supplements the Hollis Capital LLC Brochure. You should have received a copy of that Brochure. Please contact us at the above telephone number or [sheri@holliscapital.com](mailto:sheri@holliscapital.com) if you did not receive Hollis Capital's Brochure or if you have any questions about the content of this supplement.

Additional information about Paul Siegel is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Educational Background and Business Experience

Paul Siegel was born in 1943.

### Educational Background

<u>School Name</u>	<u>Degree</u>	<u>Year</u>	<u>Major(s)</u>
Cornell University	B.S.	1965	Chartered Financial Analyst Industrial and Labor Relations
New York University	MBA	1969	Corporate Finance

### Business Experience

Employment Dates: 1993 - Present  
Employer Name: Hollis Capital Management, LLC  
Type of Business: Investment Adviser  
Job Title and Duties: President and Portfolio Manager

Employment Dates: Prior to 1993  
Employer Name: Hamilton Financial Corporation (formerly Hamilton Savings Bank)  
Type of Business: Financial Services Company  
Job Title and Duties: Founder and Chief Executive Officer

## Item 3 – Disciplinary Information

Registered investment advisers are required to disclose any material facts regarding any legal or disciplinary actions that would be material to your evaluation of each investment advisor representative providing investment advice to you. Mr. Siegel has no information of this type to report.

## Item 4 – Other Business Activities

Mr. Siegel has no other business activities to report.

#### **Item 5 – Additional Compensation**

Mr. Siegel does not receive any economic benefit from any non-client for providing advisory services.

#### **Item 6 – Supervision**

Mr. Siegel is the senior officer of Hollis Capital Management, LLC. His activities are unsupervised.