

ANDERSON, HOAGLAND AND COMPANY

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3/7/2012

FORM ADV PART 2 BROCHURE

This brochure provides information about the qualifications and business practices of Anderson, Hoagland and Company. If you have any questions about the contents of this brochure, please contact us at 8000 Maryland Avenue, Suite 1100, Saint Louis, Missouri 63105. 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 Anderson, Hoagland and Company is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Anderson, Hoagland and Company is 105157.

Anderson, Hoagland and Company 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

Form ADV Part 2A, Item 4

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

Anderson, Hoagland and Company is a Saint Louis, Missouri based investment advisory business that was established in 1980. The principal owner of the company is David C. Anderson, and he has been an active participant in the business since its inception. Anderson, Hoagland and Company provides investment advice to individuals, corporations, partnerships, pension and profit sharing plans, trusts, estates and charitable organizations.

B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.

Anderson, Hoagland and Company works with investment management clients in three different ways:

- (1) We can help you formalize an investment policy for your assets and then manage the stock and bond portions in accordance with that policy on a fully discretionary basis. Full discretion means that we can make purchases and sales of individual stocks and/or bonds for your account independently and without consulting you or receiving your permission in advance to proceed.
- (2) We can manage one segment of your assets (for example, a portion of your stock portfolio) on a fully discretionary basis with only a general knowledge of your investment policy, asset allocation targets and total net worth; or
- (3) We can furnish general investment or financial advice as part of a consulting relationship which could include or exclude responsibility for the management of individual stocks and/or bonds. Typical consulting topics include assistance with household budgeting, personal asset and liability management, retirement income planning, reviews of insurance coverage and trust and estate planning.

In any of the three cases above, Anderson, Hoagland and Company's management of your assets normally would be limited to publicly traded securities, primarily stocks and bonds.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.

Anderson, Hoagland and Company normally encourages and helps each client develop a written investment policy that summarizes their individual needs and objectives. The kinds of issues covered in a policy statement often include the size of your total asset picture, your investment time horizon, a division of your assets into equity (stock) and fixed income (bond) categories, your projected income and spending, and a listing of any other investments you may own. The advisory services we provide are then tailored to you and your specific needs and measured against mutually agreed upon guidelines.

Even though the securities entrusted to our care are normally managed on a fully discretionary basis, you may impose restrictions in your written investment policy on our activity in certain securities or types of securities. For example, you could instruct us to avoid stock or bond investments in certain industries for philosophical or diversification reasons, or you could place quality or maturity restrictions on the bonds we purchase in your behalf.

We cooperate with clients and their legal, tax and other professional advisors. This may include participating in meetings or telephone conferences where information about a client's investments is relevant to the work of another advisor or another advisor's input is relevant to a client's investment strategy, for example with respect to income tax form preparation or trust and estate administration.

D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.

Anderson, Hoagland and Company is neither a brokerage firm nor a broker dealer, nor do we participate in what are generally called "wrap fee programs" that are sponsored by brokerage firms or broker dealers. The way we receive compensation for services rendered is discussed in the "Fees and Compensation" section on page 3 of this brochure.

E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date "as of" which you calculated the amounts.

Anderson, Hoagland and Company had \$253,553,974 of client assets under management as of December 31, 2011. Of that total, approximately \$246,600,000 or 97% was managed on a fully discretionary basis, and approximately \$7,000,000 or 1% was managed on a non-discretionary basis.

Fees and Compensation

Form ADV Part 2A, Item 5

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

Anderson, Hoagland and Company normally provides investment services to individuals, various legal entities and institutions in an asset based fee arrangement. In such an account, we provide and implement continuous advice regarding the investment of your funds in accordance with a mutually approved statement of investment policy and guidelines. For fee purposes, we divide accounts into two broad categories:

- (1) If your investment policy calls for equity exposure between 20% and 100%, we use our "equity account" fee schedule as shown below; and
- (2) If your investment policy calls for fixed income exposure between 80% and 100%, we use our "fixed income account" fee schedule as shown below:

Equity Account Annual Rate	Fixed Income Account Annual Rate	Assets Managed
1.25%	0.80%	0 to \$5,000,000
1.00	0.60	Next to \$20,000,000
0.75	0.45	Next to \$25,000,000
0.50	0.30	Balance

The fees are calculated based upon the market value of the assets managed as determined by your independent bank, trust company or brokerage firm custodian with one fourth of the annual fee calculated and paid in advance at the beginning of each calendar quarter.

Anderson, Hoagland and Company has the discretion to negotiate fees when warranted by special client circumstances. We also may enter into an arrangement where we charge the client a fixed dollar fee per quarter for investment management services or we may bill for our consultation time on an hourly or specific project basis.

B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.

We normally have your custodian deduct the fees from your account on a quarterly basis and pay them directly to Anderson, Hoagland and Company. We simultaneously provide you with a copy of the fee calculation so you can see how the charges are applied to your assets, and you can compare the valuation of your account with your monthly or quarterly custodian reports. You may choose to be billed directly for investment management fees if you so desire.

C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.

In addition to the fees paid to Anderson, Hoagland and Company for investment advice, you may incur fees imposed by the independent financial institution that you choose to custody your assets. Anderson, Hoagland and Company does not hold your assets for you; the assets must be deposited and held in a custody account with an independent bank, trust company or brokerage firm. Your custodian will bill you separately for its service in accordance with its published fee schedule (or a more advantageous schedule negotiated by Anderson, Hoagland and Company), and your independent custodian may revise its fees from time to time.

When securities are purchased or sold in your behalf, you will also incur the costs of brokerage commissions, SEC fees and other transaction costs. Please see the "Brokerage Practices" section on page 14 of this brochure for a discussion of how Anderson, Hoagland and Company manages the payment of brokerage commissions. If your account holds mutual funds and/or exchange traded funds, their investment management fees are automatically deducted and paid to their management companies in accordance with the methodology outlined in the prospectus issued for each fund. These fees are in addition to the investment management fees paid to Anderson, Hoagland and Company; we do not receive any compensation or service fees from mutual funds or exchange traded funds that we may hold in your behalf.

D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.

In a typical arrangement, clients pay management fees to Anderson, Hoagland and Company in advance on a quarterly basis, and our investment management agreement with clients authorizes the custodian to deduct our fee from a client's account and pay it to us upon receipt of our invoice. Fees on accounts opened or closed in the middle of a quarter are prorated for the number of days during which the account was managed. For example, if there are 91 days in the relevant calendar quarter and an account is closed on the 25th day, 66/91 of the fee will be returned to the client. Under the terms of our standard investment management agreement, either the client or the Adviser may terminate the investment management agreement upon ten days written notice to the other party.

E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items [5.E.1](#), [5.E.2](#), [5.E.3](#) and [5.E.4](#).

Not applicable

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.

Anderson Hoagland and Company's "Fees and Compensation" for investment management services are discussed beginning on page 3 of this brochure and are limited to asset based fees, flat dollar quarterly fees or hourly fees. Anderson, Hoagland and Company does not enter into investment management agreements with performance based fees—that is, fees based on a share of capital gains or capital appreciation of the assets of a client. Performance based fees are more common in "hedge fund" investment vehicles, a sector of the investment management industry in which Anderson, Hoagland and Company currently does not participate.

Types of Clients

Form ADV Part 2A, Item 7

Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

The main business of Anderson, Hoagland and Company is to provide investment advice to individuals, corporations, partnerships, trusts, estates, pension and profit sharing plans and charitable organizations. Each individual client's assets are normally managed in a separate account held in custody at a bank, trust company or brokerage firm. The minimum account size is normally \$2 million, but we reserve the right to waive that requirement and accept an account of smaller size if substantial contributions of additional funds are anticipated in the future.

Anderson, Hoagland and Company has also entered into an investment advisory agreement, dated as of January 1, 1999 and amended on March 31, 2000, under which we have agreed to provide investment advisory services to AHCO Core Fund, LLC, an internally sponsored pooled investment vehicle. Pursuant to the Operating Agreement, David C. Anderson, Laurance R. Hoagland III, and Craig C. Hoagland have each agreed to serve as investment managers of the assets in the pooled vehicle. Client investments in shares of the pooled vehicle may only be made under the terms of the Offering Circular. The minimum investment per investor is normally \$50,000 or such amount as may be approved by the managers from time to time.

Anderson, Hoagland and Company has also entered into an investment advisory agreement, dated as of June 7, 2000, under which we have agreed to provide investment advisory services to AHCO Bond Fund, LLC, an internally sponsored pooled investment vehicle. Pursuant to the Operating Agreement, David C. Anderson, Laurance R. Hoagland III, and Craig C. Hoagland have each agreed to serve as investment managers of the assets in the pooled vehicle. Client investments in shares of the pooled vehicle may only be made under the terms of the Offering Circular. The minimum investment per investor is normally \$50,000 or such amount as may be approved by the managers from time to time.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.

Investing in any security or investment product involves risks and uncertainties including price volatility and the risk of absolute loss. Individual security prices and portfolio valuations can be volatile, and any risk of absolute dollar loss is borne solely by the client. You should be prepared to tolerate price volatility and possibly incur capital losses in the pursuit of the goal to create investment income and/or increase your net worth.

Anderson, Hoagland and Company employs various strategies in the course of managing your assets. Our individual stock selection process usually begins by screening a proprietary computer data base called Credit Suisse Holt maintained by Credit Suisse Group AG which calculates Cash Flow Return on Investment for a broad base of publicly traded companies. Since the ultimate task of any company is to maximize return on invested capital, we believe that cash flow return on investment is one of the best ways to evaluate a company and its management. We favor companies that earn cash flow returns in excess of their estimated cost of capital and have the ability to grow their base of business. If a company looks attractive on this basis in the Credit Suisse Holt data base, we then read corporate reports and independent analytical research and may contact the company directly to confirm or negate our thesis. We may or may not listen to corporate conference calls or meet with the company's management in person before buying the stock. We normally concentrate our equity holdings in 20-30 stocks that we believe have above average appreciation potential based upon our fundamental research and judgment about relative valuation. We do not limit our selections to companies of a particular size, and our expected holding period is normally 12 to 24 months.

If we or the client concludes that it would be beneficial for the stock portion of a specific account to be less concentrated and more fully diversified, we can combine all or a sub-set of our individual stock selections with exchange traded funds. We subscribe to a software package that helps us estimate the diversification impact of adding various combinations of domestic or international exchange traded funds to client portfolios, and we have been actively managing portfolios with this strategy since January 2009. If appropriate, we can also design a portfolio composed entirely of exchange traded funds.

Our bond selection process is primarily based upon our economic and interest rate outlooks, and we have a bias toward high quality issues for both taxable and tax-exempt bond investors. We generally limit our selections to bonds that are "investment grade"—that is rated in one of the top four quality brackets (AAA through BBB) by the major ratings agencies like Moody's and S&P--- at the time of purchase. For taxable investors, we favor tax-exempt bonds that have been pre-refunded or escrowed to maturity, revenue based credits that are backed by "essential services" such as water, power and transportation and general obligation credits of government entities with the authority to collect tax revenue. For non-taxable investors or investors with very low effective tax rates, we favor U.S. Treasury, Agency and investment grade Corporate bonds in addition to investment grade taxable municipal bonds. The weighted average maturity of our bond portfolios normally falls between five and fifteen years.

B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

The major risk to our equity strategy is that our assumptions, judgments and research conclusions about any company stock we buy are incorrect or the environment changes unexpectedly, and the stock price depreciates rather than appreciates. It is also possible that the company performs well, but the stock price declines anyway as part of a broader decline in the stock market. There is also a risk of inadequate diversification in a concentrated portfolio comprised of only 20-30 stocks. It is possible that a large number of stocks in the

portfolio could move in unison with a common independent variable and therefore decline together as a result of changes in certain economic or geopolitical conditions.

The major risk to adding exchange traded funds to an equity portfolio is that the analysis of their potential ability to reduce risk and/or enhance returns is largely based upon historic data that quantifies the relationships between returns from various asset classes. If those historic relationships change in future periods for any reason, the portfolio may not behave in an optimal manner, and the client may incur larger losses than what was contemplated.

The major risk to our fixed income strategy is that our interest rate outlook is wrong. Bond prices move in the opposite direction of interest rates, so if interest rates rise when we are expecting them to decline or to remain stable, price volatility and capital losses can occur. The other major risk is an unanticipated decline in the perceived financial soundness of any individual bond issuer after we purchase it. If bonds are "downgraded" by a major rating agency like Moody's or S&P or bond investors become concerned for other reasons, bond prices may decline and price volatility may increase. There is also a risk that bonds purchased at a premium to their par value could be redeemed by the issuer or purchased by the issuer under provisions of the original bond indenture at prices that would result in an absolute dollar loss to the client.

C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.

Anderson, Hoagland and Company invests client funds primarily in stocks and bonds as well as exchange traded funds, which in turn are invested in stocks and bonds. Uninvested cash balances are normally invested in money market funds.

Common stocks are subject to significant price volatility and carry the risk of significant capital loss. Publicly traded stocks are dependent upon the smooth functioning of trading markets, and their value could be impaired if exchanges or electronic trading platforms were shut down or ceased normal functioning. The value of stocks denominated in foreign currencies is also subject to currency exchange rate volatility, which could act to enhance or diminish the returns received by a dollar based investor.

Bonds are also subject to price volatility, which results primarily from interest rate movements as well as changes in the perception of the credit worthiness of the entity repaying the bond. Bond prices are generally less volatile than stock prices, although this is not always the case. In the case of a default by the issuing entity, bond holders may suffer significant losses of interest due as well as principal invested. Bonds also are dependent upon the smooth functioning of trading markets, and bonds denominated in foreign currencies are subject to the same exchange rate risks as described above for stocks.

Exchange traded funds own portfolios of stocks or bonds and are, therefore, subject to the same risks as individual stocks and bonds discussed above. In addition, exchange traded funds are an investment product that has come into widespread use only in the last ten years and they may be subject to risks that are difficult to anticipate because of the way they are structured and the way the ownership of shares changes hands.

Money market funds are invested in short maturity securities in accordance with their individual prospectuses and are designed to maintain a constant net asset value of \$1.00 per share. It is rare, but there have been instances in the past when money market funds have been impacted by negative conditions in financial markets and experienced net asset value per share declining below \$1.00 creating losses and/or periods of illiquidity for money market fund investors.

Disciplinary Information

Form ADV Part 2A, Item 9

If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

A. A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a management person

Not applicable.

B. An administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority in which your firm or a management person

Not applicable.

C. A self-regulatory organization (SRO) proceeding in which your firm or a management person

Not applicable.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Not Applicable

B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.

Not Applicable.

C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer
11. sponsor or syndicator of limited partnerships.

Anderson, Hoagland and Company has an informal agreement with The Private Bank, a subsidiary of PrivateBancorp, Inc., under which assets are managed without "investment supervisory services" for individual and corporate clients of the bank. In these relationships, The Private Bank is the primary contact for the client. Anderson, Hoagland and Company acts solely as a sub-advisor as part of the bank's "wealth management" package of services, and fees are negotiated on a case by case basis. This relationship does not create a material conflict of interest with other clients, in our opinion, because we treat the sub-advisory client accounts the same as we treat direct clients of Anderson, Hoagland and Company in terms of how portfolios are managed and how trades are allocated as described further on page 15 of this brochure.

Anderson, Hoagland and Company has a wholly owned subsidiary called Anderson Hoagland Financial Services which is a Missouri limited liability company (LLC) licensed as an insurance broker. This subsidiary consults with individuals and corporate entities on a wide range of financial planning topics including various forms of insurance including, but not limited to, life, disability, long-term care and health coverage. In some cases, Anderson Hoagland Financial Services is given the opportunity to propose an insurance solution for a client. Anderson, Hoagland officer John Kang is a licensed insurance agent and uses his contacts in the industry to develop proposals for clients. If a client elects to implement such a proposal, Anderson Hoagland Financial Services may receive a portion of the applicable commissions paid by the insurance carrier. This activity consumes between zero percent and five percent of Anderson, Hoagland and Company's total man hours in any given year and, in our opinion, is not a source of any material conflict of interest.

Anderson Hoagland Financial Services has an informal arrangement with Mark P. McLaren, CPA, a principal and co-founder of M2 LLC, a company in the business of providing outsourced financial consulting and insurance brokerage services. Mark McLaren and his staff at M2 prepare insurance applications and underwriting materials on behalf of Anderson Hoagland clients for submission to insurance companies. If said work results in the placement of a policy, commissions are shared between M2 and Anderson Hoagland Financial Services on a negotiated basis. The arrangement is not exclusive in the sense that Anderson Hoagland retains its right to partner with other vendors of insurance products and services to meet its clients' objectives. In our opinion, this relationship does not create a material conflict of interest.

Officers and employees of Anderson, Hoagland and Company are allowed to invest their personal assets in the AHCO Core Fund and AHCO Bond Fund which are more fully described on page 6 of this brochure. A potential conflict of interest could arise if Anderson, Hoagland and Company allocated securities to either of those Funds to the detriment of other Anderson, Hoagland and Company clients. To prevent any material conflict of interest, Anderson, Hoagland and Company has adopted a formal policy and procedure for trade allocation which is more fully described on page 15 of this brochure. Trade allocations are driven by the amount of cash available to participate in any given trade, and the AHCO Core Fund and Bond Fund are treated exactly like all other clients with respect to these procedures. By allocating in this manner, no single client is given preferential treatment nor routinely traded first nor last. A complete copy of our Policy and Procedures for Trade Allocation is available upon request.

D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.

Not Applicable.

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

Form ADV Part 2A, Item 11

- A. If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to [SEC rule 204A-1](#) or similar state rules. Explain that you will provide a copy of your code of ethics to any client or prospective client upon request.

Code of Ethics:

On August 11, 2005, Anderson, Hoagland and Company formally adopted the CFA Institute Centre for Financial Market Integrity's **Asset Manager Code of Professional Conduct** and subsequent amendments as its corporate Code of Ethics pursuant to SEC rule 204A-1. We will provide a copy of this document to any existing or prospective customer upon request.

All employees of Anderson, Hoagland and Company are provided a copy of the Code of Ethics and related documents and required to sign a statement that they have read and are familiar with these materials. The related Anderson, Hoagland and Company documents include Part II of Form ADV and policy and procedures for: Employee Trading and Compliance, Soft Dollar Commissions, Trade Allocation, Proxy Voting, Gifts and Disaster Recovery. David C. Anderson, President of Anderson, Hoagland and Company is the firm's Chief Compliance Officer, and John J. Kang, Vice-President of Anderson, Hoagland and Company is the firm's Deputy Compliance Officer.

Employee Trading Policy:

It is our policy that equity securities owned in client accounts may not be purchased or sold by Anderson, Hoagland and Company or related persons. Related persons are defined as all employees and their families to the extent that specific family members receive investment advice from an employee. Family members who do not live in the same household and who manage their investments independently of any input from Anderson, Hoagland and Company employees are exempted from this restriction. If Anderson, Hoagland and Company or a related person owns an equity security prior to a decision to purchase the same security for client accounts, such holding will either be sold before client purchases begin or not sold until all clients have disposed of their holdings.

Fixed income securities owned in client accounts may only be purchased by Anderson, Hoagland and Company and related persons if the client purchases have been completed and the size of the purchase is small relative to the size of the issue or its normal trading volume. If such a fixed income security is owned prior to a decision to purchase it for clients or is purchased after client purchases have been completed, the holding may not be sold until all clients have disposed of their holdings.

Securities specifically excepted from the restrictions in the two paragraphs above are: U.S. Government securities, exchange traded funds, money market funds, shares of open and closed end mutual funds, certificates of deposit, commercial paper and other money market instruments.

- B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Not applicable.

C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.

Not applicable.

D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Not applicable.

Brokerage Practices

Form ADV Part 2A, Item 12

A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

1. Research and Other Soft Dollar Benefits. If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions ("soft dollar benefits"), disclose your practices and discuss the conflicts of interest they create.

Anderson, Hoagland and Company receives research products and services other than trade execution from a broker dealer and from a third party in connection with client securities transactions. These are commonly called "soft dollar benefits", and our policy is that soft dollar usage is strictly limited to paying for research as defined by the CFA Institute Soft Dollar Standards and (or) Section 28(e) of the Securities Exchange Act of 1934. The definition of research is "services and/or products provided by a Broker or third party, the primary use of which must directly assist the investment manager in its investment decision making process and not in the management of the firm".

When we buy a research product or service with commissions, that payment is combined into a per share commission rate that covers both trade execution and research that totals between three and five cents per share.

We currently receive proprietary research from Credit Suisse Group which we use to screen for stock ideas as described on page 7 of this brochure. A percentage of the 3-5 cent per share commissions directed to Credit Suisse is paid to a third party vendor called Front Edge which is owned by Robert Hendricks who was instrumental in the development of proprietary research products now offered by Credit Suisse. Robert Hendricks of Front Edge consults with Anderson, Hoagland and Company on a monthly basis on the topics of individual stock selection and portfolio composition.

When Anderson, Hoagland and Company uses brokerage commissions (or markups or markdowns) to obtain research products, the firm benefits because we do not have to pay for the research products or services. The value of research purchased with soft dollars from a given broker or third party vendor is continually evaluated on the basis of its value to client accounts through its impact on our decision making process. Brokers whose research is not deemed valuable are not utilized for soft dollar transactions or are paid a reduced commission reflecting only the execution value of the trade.

Anderson, Hoagland and Company acknowledges that there may be an incentive to select a broker based upon our interest in receiving research products and services rather than on the clients' interest in receiving most favorable execution, but we believe that such arrangements appropriately balance the clients' dual needs of finding attractive investment opportunities and then executing trades efficiently. We have a formal "Best Execution Trading Policy," a copy of which is available upon your request.

Anderson, Hoagland and Company's policy is to pay between one and five cents per share (or the lowest flat dollar trade ticket cost we can negotiate at custody platforms offered by Charles Schwab Corporation) for stock transactions. On bond trades, our normal practice is to trade on a competitive bid/offer basis with two or more broker dealers, and when we make a bond purchase in response to dealer offerings, we evaluate the pricing versus recently reported actual trades and evaluations by independent sources. We do not knowingly cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker dealers for comparable research products or services. We seek to avoid a material conflict of interest by not "paying up" for research products or services.

The benefits from the research products and services purchased with soft dollars accrue to all Anderson, Hoagland and Company clients that own equity securities, not just to those who might have participated in any

given transaction. There are no soft dollar arrangements that involve fixed income security trading or research.

Anderson, Hoagland and Company receives access to the following non-comprehensive list of research products and services by using soft dollar commissions:

- Cash Flow Rate of Return data base through Credit Suisse Group.
- Consultation regarding use of the Credit Suisse data base through Front Edge.
- Access to analyst reports and conference calls through JPMorgan Chase & Co.
- Access to analyst reports and company management meetings through William Blair.
- Access to analyst reports and company management meetings through Roth Capital.
- Access to analyst reports and company management meetings through Benchmark Company LLC.
- Access to analyst reports, conference calls and company management meetings offered by other firms.

Normally, Anderson, Hoagland and Company buys a new stock idea through the broker who recommended it and sells it through that same broker if the investment is successful. If we develop an idea internally by using the Credit Suisse Group data base, we generally buy and sell the security through that firm. The concept is to support the source of good research with continued business on behalf of our clients.

2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

Anderson, Hoagland does not receive client referrals from broker dealers so there is no conflict of interest involved in our choice of any given broker dealer.

3. Directed Brokerage.

Anderson, Hoagland and Company does not recommend, request or require that its clients direct us to execute transactions through a specified broker dealer to avoid any conflict of interest that may arise from such a policy.

Anderson, Hoagland and Company does allow a client to direct brokerage to a specific broker, but we always reserve the right to trade elsewhere if it is our judgment that the client would be harmed by such a policy.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.

It is Anderson, Hoagland and Company's policy to treat all clients fairly and equally with respect to the allocation of stock and bond trades among accounts. The procedure we follow to ensure fair and equitable allocations include the following:

- When purchasing a new holding or adding to an existing position for more than one client at a time, we run a "positions out" report and/or "positions size calculator" report to determine how many of the clients have cash available to participate in the anticipated trade in accordance with their specific asset allocation limits.
- We rank all client accounts in order of "positions out"; in other words, the clients with the most uninvested cash in the relevant asset category are rank ordered in descending order.
- Shares purchased from a single broker in a block or in a batch of related orders are aggregated and an average price for the total shares purchased is determined.
- The shares are then allocated in the order determined above.
- The exact same procedure is used when selling or trimming a position, but the orders are allocated in ascending order.
- By allocating in this manner, no single client is given preferential treatment nor routinely traded first or last.

- If not all shares are purchased or sold on the first day, the same procedure is repeated on subsequent days and that day's trades are allocated according to the same procedure.
- The Anderson Hoagland and Company Core Fund and Anderson, Hoagland and Company Bond Fund are treated exactly like all other client accounts with respect to these procedures.

Review of Accounts

Form ADV Part 2A, Item 13

A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.

Anderson, Hoagland and Company normally reviews clients' accounts on a quarterly basis or more frequently as necessary, but in no case less frequently than annually. Reviews are conducted by President David Anderson, Vice President Craig Hoagland and Vice President John Kang, the joint portfolio managers of all managed accounts. The review normally includes comparison of the asset allocation in the account with the investment policy previously agreed upon with the client. In addition, portfolio diversification, investment performance versus standards and expectations, any custom tailored investment restrictions or constraints and aggregate risk relative to the client's objectives are considered. Relative size of account is not used as a criterion to determine the order in which accounts are reviewed.

B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.

Revised opinions or recommendations about individual investments or changes in a client's financial circumstances or objectives are among the factors that could trigger a specific review of a client's account on other than a periodic basis.

C. Describe the content and indicate the frequency of regular reports you provide to clients regarding their accounts. State whether these reports are written.

On or about the 15th day of January, April, July and October, each client receives from Anderson, Hoagland and Company a letter reviewing the firm's investment outlook and summarizing investment results for that client's assets. David Anderson, Craig Hoagland and John Kang are available to discuss strategy and performance versus benchmarks with clients on intervals agreed upon with the client. On a monthly basis, clients receive from their respective independent custodians a report showing the market value of holdings, individual transaction details and other cash inflows and outflows.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.

Not applicable.

B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.

Not applicable.

Custody

Form ADV Part 2A, Item 15

If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.

Anderson, Hoagland and Company does not maintain custody of any client assets except as relates to the direct deduction of fees via invoice to client account custodians under our standard investment management agreement. Each client must select a qualified independent bank, trust company or brokerage firm to provide custody services for the client's assets. The client will normally receive monthly account statements from the independent custodian which include a statement of client assets and their current valuation, a summary of transactions during the month and a statement of cash flows including contributions, withdrawals, dividend income and interest income. We encourage clients to review these statements carefully on a monthly basis and maintain them in a file for use by tax or other advisors.

Asset based fees charged by Anderson, Hoagland and company, as more fully described on page 3 (paragraphs A and B) of this brochure are based upon the current valuation of client assets as presented by each client's custodian.

Investment Discretion

Form ADV Part 2A, Item 16

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

Anderson, Hoagland and Company accepts authority to manage securities accounts on behalf of clients on a fully discretionary basis under the terms of an investment management agreement which is signed by the client and the firm at the outset of the relationship. A copy of our standard investment management agreement is available upon request by any potential client. In rare cases, the authority for Anderson, Hoagland and Company may be officially conveyed through a power of attorney rather than an investment management agreement.

Rather than place limits on the authority to invest with full discretion in the investment management agreement, the normal practice is for the firm and the client to jointly develop a written investment policy which outlines the target asset allocation and acceptable range for each asset class. Other customized restrictions are also outlined and agreed upon in the context of the investment policy statement. The rationale for this approach is that the investment policy can be revised or amended on an interim basis without going through the formality of executing a new investment management agreement or power of attorney each time.

Voting Client Securities

Form ADV Part 2A, Item 17

A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to [SEC rule 206\(4\)-6](#). Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.

Anderson Hoagland and Company's Policy is to use our best judgment to vote shares held by clients in the client's best financial interest. Our written policy and procedures are available upon written request by any client and are designed to eliminate potential conflicts of interest.

Since we do not normally buy private investments or shares of conventional open-end mutual funds for our clients, we are not typically in the position of voting for or against compensation proposals that could theoretically benefit our firm at the expense of clients. Similarly, we do not currently manage pension assets or corporate assets for publicly traded companies whose shares are held by client accounts. Therefore, we do not expect to be called upon to vote in cases where there could be a fiduciary or financial conflict of interest between our firm and the clients we serve. If such a situation were to occur in the future, we would either recuse ourselves from the decision or ask each client to vote in his or her own behalf.

With respect to marketable stock positions held in behalf of clients, we have a general policy of voting our proxies in line with the recommendations of company management because, if we did not agree with how the company was being managed, we would probably sell the stock. Normally, we vote in accordance with management recommendations with regard to election of directors, selection of auditors, capitalization changes and other routine matters with respect to management of the business. We do not attempt to impose any given set of social, political or economic values on the managements of companies in which we invest. We are most likely to vote against management recommendations when asked to approve corporate management compensation or option plans that we believe are unreasonable or acquisitions that we do not favor.

In all cases we endeavor to cast our votes in a timely manner, but it is sometimes the case that the client's account custodian or the company itself does not send us the materials in time. It is therefore possible that we do not vote every proxy or that our votes are not received in time to be counted.

We keep a record of how and when we vote, and it is available for review upon client written request.

B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.

If you want to vote proxies yourself, please contact us and we will help you make arrangements to receive them from your independent custodian.

Financial Information

Form ADV Part 2A, Item 18

A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.

Not Applicable

B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.

Not Applicable

C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.

If you are registering or are registered with one or more state securities authorities, you must respond to the following additional Item.

Not Applicable