



HM CAPITAL MANAGEMENT

INVESTMENT ADVISORY SERVICES BROCHURE

Last Updated: March 31, 2013

This brochure provides clients and prospective clients with information about the qualifications and business practices of HM Capital Management, LLC that should be considered before becoming a client. If you have any questions about the contents of this brochure, please contact us at (314) 746-1700. This information has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about HM Capital Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

HM Capital Management, LLC

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SEC File Number: 801-64761

Material Changes

This annual update of the Investment Advisory Services Brochure for HM Capital Management, LLC does not contain any material changes from our prior Investment Advisory Services Brochure.



HM CAPITAL MANAGEMENT

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ADVISORY BUSINESS

Types of Services Generally

HM Capital Management, LLC (“HCMC,” “we” or “us”) is an investment advisory firm founded in 2005 and registered with the Securities and Exchange Commission (“SEC”). HCMC is principally owned by the MEK Family Trust, Matt Kopsky, Trustee. As of December 31, 2012, we managed approximately \$374,131,705 of client assets on a discretionary basis and approximately \$335,157,104 on a non-discretionary basis. We offer our clients the following advisory services:

Pension Consulting Services (tax exempt accounts)—We provide consulting services to defined contribution plans and defined benefit plans regarding the selection and monitoring of investment options and providing related employee education. These services comprise approximately 40% of our advisory business.

Wealth Management Services—Consulting services to individuals—we provide services as requested by clients regarding personal financial matters.

Family Office Consulting Services—we provide services as requested by clients regarding personal financial matters, with a focus on the multigenerational management and coordination of a family’s financial and wealth transfer needs.

Portfolio Management—our portfolio managers manage individual and corporate clients’ portfolios of stocks, bonds, mutual funds and other securities.

These services comprise approximately 25% of our advisory business.

Pooled Investment Vehicle Services—We provide consulting services regarding the evaluation, selection and ongoing analysis of money managers for pooled investment vehicles; as well as active management of pooled investment vehicle assets. These services comprise approximately 25% of our advisory business.

Other Business Activities

We are not engaged in any non-investment advisory businesses, nor do we sell products or services other than investment advice (except as described below under “Advisory Services & Fees—Wealth Management Services”). Additionally, neither we nor our principal officers engage in businesses not involving the provision of investment advice.

Pension Consulting Services

We provide the following investment consulting services to defined contribution and defined benefit plans (“Plans”):

Investment Policy Statements—Whether it’s a 401K, defined benefit or foundation, the basis for any quality investment plan is an effective Investment Policy Statement (“IPS”). Our consultants work with Plans to develop their IPS, which define

the Plan’s objectives, specify who it covers, and describes the types of investments the Plan will make.

Transparent Performance Reporting—We periodically provide Performance Reports to Plans which evaluate the performance of the Plan’s portfolio over various time periods as well as compare the Plan’s performance to agreed upon benchmarks. Portfolio and account data are compiled from custodian statements—we are not required to verify the accuracy of information provided by Plan custodians.

Participant Education Services—Our Plan participant education services may include annual on-site meetings for employees to review Plan highlights and discuss the value of pre-tax and tax-deferred savings, the merits of diversification, avoiding common investment pitfalls and retirement planning. Our employees are available via local and toll free numbers to answer Plan participant questions regarding Plan investments and to offer investment allocation assistance.

Manager Search & Ongoing Due Diligence—Our manager search capabilities help Plan clients find qualified investment managers based on their goals for return, risk tolerance, liquidity constraints, and unique regulatory circumstances. We monitor the managers for changes in philosophy and risk tolerance and advise Plans accordingly.

Asset Allocation—We help Plan clients select a target asset allocation that seeks to mitigate risks and increase the likelihood of returns for an investment program. We present multiple asset allocation scenarios for Plan clients to evaluate.

Performance Measurement—Our IPS defines expectations for investment returns and describes how to monitor the performance of managers. We provide guidelines for putting managers on a “watch list” and, if necessary, recommending that Plans replace them. Our reporting also compares Plans’ fund investment fundamentals to appropriate benchmarks, among other statistical comparisons.

Asset-Liability Monitoring— We use asset-liability studies prepared by qualified actuaries to determine the extent to which short-term constraints impact a Plan’s investment policy and, in particular, the balance between equities and bonds.

Wealth Management Services

Consulting Services – Individual and Multigenerational

Our Family Advisory Group offers portfolio management services to clients through a goal-based approach. HCMC gathers information about a client’s current situation, future goals and needs through a systematic process involving personal discussions and information gathering. A comprehensive and personalized financial plan is presented to the client and reviewed annually to analyze lifestyle changes that may impact the results. Using the goals and objectives realized in this process, we will work with the client to develop a personal IPS, if required. The IPS is used as the basis for developing and managing a portfolio of securities. We may use either external

investment managers (either via separate account manager wrap accounts or mutual funds) or internal investment managers, based upon the client's particular circumstances.

Our Family Advisory Group provides a variety of services to individuals, including high net worth individuals. Clients may select from these services, which include:

Comprehensive Financial Planning—We look at the complete financial picture of the client (and family) and complete a comprehensive financial plan. Some of the “ala carte services” described below are all components of a Comprehensive Financial Plan.

Goal Assessment—Working with you and your family, we will formulate your wealth management and lifestyle goals and use those as a basis for the comprehensive plan.

Investment Policy Statement—We will assist you in the preparation of an IPS reflecting your investment objections, policies, constraints and risk tolerance. We also provide an asset allocation review designed to identify one or more optimal investment portfolios for you (risk versus return) based on information requested by us and provided by you. Clients must review and approve their IPS and therefore resolve any questions about the IPS with us prior to final approval. Clients must also notify us of any changes in their circumstances so that the IPS can be modified as needed.

Investment Manager Search Report/Interviews—We can provide clients with an Investment Manager Search Report designed to provide you with a list of investment managers whose investment philosophies are, in our judgment, compatible with your investment objectives. Managers selected will meet past performance, management tenure, fund longevity, fee, volatility, and management style requirements. We may coordinate interviews with selected investment managers identified in the search process. The decision to retain any particular investment manager always rests with the client. Further, an investment manager's past performance is not necessarily indicative of future performance.

Consolidated Performance Reporting—We can take custodial statements (or data feeds) from assets held at various custodians and compile them into a single summary report (we may use third party vendor software to provide this service).

Ongoing Investment Manager Due Diligence—We will perform ongoing monitoring of investment managers to ensure policy compliance within established guidelines.

Asset Allocation & Review—The determination of an appropriate asset allocation / diversification plan, based upon the client's specific risk tolerance and investment policy.

Cash Flow Analysis—We can provide a summary report of how a client may manage cash in a more effective manner to meet all personal and family obligations.

Risk Management—We take an overall approach to risk management; this includes all assets of a client and personal and family obligations.

Insurance Analysis—A summary review of the client's current insurance; creating an analysis of areas for improvement (if any).

Investment Tax Planning—We can provide an analysis or conversation to guide investment professionals on how much capital gain or losses you will need or should take in any calendar year.

Estate & Wealth Transfer Planning—We can develop a plan to manage estate and wealth transfer taxes (federal and state).

Philanthropy Consulting—This is a “legacy” service provided by our Family Office. We help you set up the benefit and then monitor and manage the benefit during your lifetime and after you are gone.

Document Storage—We scan all of your personal documents (tax returns, wills, trusts, estates, deeds, insurance contracts, etc..) into our secure server network and store digital images of these documents for you.

Pooled Investment Vehicle Services

Institutional Consulting Services

The services we provide to managers of unregistered investment vehicles (“Funds”) include:

Development of an IPS—We work with Fund managers to develop an IPS for the Fund, which will reflect the Fund's investment objectives, policies, constraints and risk tolerance.

Investment Manager Search Reports / Interviews—We provide Fund managers with a list of investment managers whose investment philosophies and policies are, in our judgment, compatible with the Fund's investment objectives and its IPS.

Performance Evaluation—We will meet with the Fund manager not less than semi-annually to review the performance of the Fund as well as each manager, measuring them against benchmarks specific to their area of expertise. At that time, changes in asset allocation and investment managers may be recommended.

Ongoing Manager Due Diligence—We perform ongoing monitoring of Funds' investment managers to ensure IPS and Fund investment policy compliance, trading activity, performance and investment process. We also monitor each selected investment manager to track personnel changes or other firm-related issues.

Administrative Services—We coordinate participant and Fund general partner/manager requests, as well as work with legal counsel, auditors, and third party administrators to assist the

Fund manager in managing regulatory, reporting and accounting complexities.

Fund Asset Management

We also serve as an asset manager for Funds, and we may manage all or a portion of a Fund's assets based upon the Fund's investment parameters.

FEES AND COMPENSATION

General Advisory Service Fee Information

We provide investment management services via a written agreement (such as Advisory Agreements for individual accounts or consulting agreements for pension or Fund accounts, and together with other types of client agreements, the "Management Agreements") only. We charge fixed fees or a percentage of asset fees, depending on the type of client and service provided, as described above.

Either the client or HMCN may terminate a Management Agreement without penalty with written notice delivered to the other party. The termination becomes effective when received by the other party. When the client terminates, services that are being provided by it under the Management Agreement will be completed through the date of termination as received from the client.

Most advisory fees are charged in advance at the start of either the calendar quarter or month. For new accounts, HMCN will pro-rate its advisory fees for Management Agreements executed during any calendar quarter (you will be charged for the balance of days in the quarter). If the Management Agreement is entered into within 30 days of the end of the quarter, you will be charged for those 30 days and the next full calendar quarter (fees are paid in advance). In the event the Agreement is terminated, you shall have no obligation to make additional payments that would otherwise be required to be made, but we may submit to you an accounting of the services theretofore provided to you (which may include an accounting of our preparations to provide services that would have been provided by us but for such termination) and you shall be liable to us for the amount set forth thereon (which amount may not exceed the total amount of our compensation as agreed to by you and us in this Agreement) (the "Termination Obligation"). In the event you have paid any payments prior to such termination: (i) if the amount of such payments exceeds the Termination Obligation, you shall be entitled to a refund of such excess, and we shall be entitled to retain the remainder in full satisfaction of the Termination Obligation and (ii) if the Termination Obligation exceeds the amount of such payments, we shall be entitled to retain such payments, and you shall promptly pay the amount of such excess in order to satisfy the Termination obligation.

We may provide portfolio management or consulting services to individuals or others that include advice regarding mutual funds or unregistered Funds. The management fees and administrative expenses payable by our clients who invest in mutual fund shares or participate in unregistered Funds are in addition to the

advisory fees payable to us under a Management Agreement. Clients can purchase and sell mutual fund shares themselves, directly or through other parties which would allow the client to eliminate the fee payable to us for our services. Similarly, clients may be able to directly invest in unregistered Funds without our assistance. Services which are comparable to those offered by HMCN may be available from other sources for lower fees.

Pension Consulting Service Fees

Generally, the annual fixed fee for our pension consulting services ranges from \$10,000 to \$250,000 per year and are paid quarterly in advance of the service. Our annual asset-based fees for pension consulting services range from 0.10% (10 basis points) to 1.00% (100 basis points) of the Plan assets we provide services on, and are billed quarterly in advance.

Our fees may be negotiated based on a variety of factors, including:

- The size of the Plan (assets and participants)
- The level of participant educational needs
- The services selected
- Travel and other associated costs, if any
- Enrollment services
- The number of mutual funds to be evaluated, reviewed and monitored
- The complexity of the Plan

Wealth Management Services Fees

Generally, annual fees range from 0.50% (50 basis points) to 2.50% (250 basis points) on assets under our management, but we may charge an additional fixed fee for financial and other implementation services ranging from \$10,000 per year to \$250,000 per year for any new or existing client. However, we negotiate fees on a client-by-client basis. The exact fee will be stipulated within your advisory agreement with us ("Advisory Agreement") and applies on all of the assets within the portfolios or household as defined in the Advisory Agreement. Annual advisory fees are calculated and charged quarterly, in advance of the service. We may impose a minimum account size, minimum household size, or a minimum annual fee.

Factors we consider when determining fees include:

- The size of the portfolio / assets under management
- The complexity of your needs
- The types of securities to be purchased, sold or held in the portfolio
- The custodian used to hold your assets
- The extent of your assets, if any, which we do not manage
- The extent of additional services to be provided by us
- If we have been delegated proxy voting responsibility (for accounts subject to the Employee Retirement Income Security Act ("ERISA") only)

If authorized by a client, we will deduct the wealth management fee from the account(s) (directly debited). If you select this option in the Advisory Agreement, a statement will be sent to

you by your custodian showing all debits and credits to the account including the advisory fee payable to HMC. We calculate the fee and make the request to the custodian to debit the fee; the accuracy of this information generally is not verified by your custodian. We encourage our clients to compare account statements received from the account custodian to any statements received from us.

If you do not agree to have your fee debited directly from your account, we will send an invoice to you directly with the expectation that we will receive full payment within 30 days.

Institutional Consulting Services Fees

HMC's annual fees for its services provided to Funds and their managers are typically on an asset-based basis and range from 0.50% (50 basis points) to 0.65% (65 basis points) of the Fund's assets. In addition, HMC serves as both the general partner of, and as an investment consultant to one Fund, for which HMC receives a performance allocation of 20% of the Fund's new profits.

Fund Asset Management Fees

Our annual fees for Fund asset management services are negotiated on a case-by-case basis, are based on the Fund assets which we manage, and range from 1.50% (150 basis points) to 1.00% (100 basis points). We do not receive any performance fees or allocations for Fund asset management services, but may determine to do so.

Other Fees

The fees described above are separate and distinct from the fees and expenses incurred by clients as shareholders of mutual funds and exchange-traded funds ("ETFs"). In the case of mutual funds, these fees and expenses are described in each fund's prospectus and generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. Accordingly, the client should review the fees charged by any funds or ETFs in the account, us and other providers such as TD Ameritrade to fully understand the total amount of fees to be paid and to thereby evaluate the advisory services being provided. Clients will also incur brokerage and other transactional fees incurred with their account. See "Brokerage Practices" below for a discussion of those charges.

Valuation of Securities

We and our clients rely upon the client's custodian to value all securities held in the client's portfolio. If necessary, and at our sole discretion, we may use a third party vendor or alternative pricing methods if we believe that the price shown on a security (typically fixed income securities) is inaccurate.

TYPES OF CLIENTS

We provide our services to high net-worth individuals, Plans and Funds. To engage our services, individual accounts generally must meet a minimum annual fee of \$15,500, though we will open smaller accounts on occasion. To engage our services, Plans and Funds generally must meet a minimum annual fee of \$25,000, though we will open smaller accounts on occasion.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Types of Securities

We provide investment advice on securities and other assets held by any client. Those securities and assets may include listed and over-the-counter equity securities, securities issued by foreign issuers, warrants to purchase securities, corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual funds, securities issued by the U.S. government and its agencies, ETFs, options on securities and commodities, futures contracts on securities, and securities issued by unregistered pooled investment vehicles.

Types of Analysis Employed & Information Utilized

In providing advice to clients about investments, our personnel employ securities analysis methods including charting, fundamental and technical analysis. Our personnel principally rely on industry and financial media, third party research, corporate rating agencies, reports filed by issuers with the SEC, and issuers' public communications.

Types of Strategies Employed

Depending on the type of client and level of service provided, we may employ the following strategies to manage client assets:

Long term purchases—Where a security is held by the account at least one year

Short term purchases—Where securities are sold within one year

Higher frequency trading—Where account securities are sold within 30 days

Short sales—Where the client's account borrows a security and sells it with the intention to later buy back the security after the price declines

Margin transactions—Where the client's account borrows funds to purchase a security

"Covered" options—Where the client's option position in a security is offset by an equal and opposite position in the underlying security

“Uncovered” options—Where the client’s option position in a security is *not* offset by an equal and opposite position in the underlying security

Options “spreading”—Where options on the same class of security are traded at the same time in order to profit from changes in the size of the spread between the different options

Risk of Loss

Clients should be aware that investing in securities involves risk of loss and clients should be prepared to bear that loss.

DISCIPLINARY INFORMATION

HMCM has never been a party to any proceeding or accused by any regulatory authority of violating any investment-related or other law or regulation. In 2003, the SEC accused Matt Kopsky of trading on inside information while he was a representative of a broker-dealer (prior to the formation of HMCM). In February of 2009, Mr. Kopsky entered into a Settlement Agreement with the SEC and agreed, along with paying a fine, to a 12 month suspension from association with any broker-dealer or investment adviser, which suspension expired in March 2010.

OTHER FINANCIAL INDUSTRY ACTIVITIES OR AFFILIATIONS

HMCM serves as the general partner, an investment consultant and an investment adviser to Palm Tree Partners, L.P., a Missouri limited partnership (“Palm”). Where we believe appropriate, we may recommend individual clients consider investing in Palm. In our role as general partner, investment consultant and adviser to Palm, we are compensated for Palm’s assets. We are not, however, compensated by Palm for soliciting investors in it, nor do we solicit investors for Palm. This disclosure is not intended to solicit any purchase of an interest in Palm, and interests in Palm may only be purchased through its offering materials.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Our Code of Ethics

HMCM’s Code of Ethics (“Code”) has been developed for its employees and associates to provide general ethical guidelines and specific instructions regarding our duties to you as our client. Our Code provides, among other things, that

- Our employees must comply with all applicable laws and regulations;
- Investment decisions for clients’ accounts may not impact our employees’ decisions respecting any personal trading account;

- No person we employ may benefit, either directly or indirectly, from transactions placed on behalf of advisory accounts, and must otherwise avoid conflicts of interest with our clients;
- Employees must pre-clear purchases and sales of securities for their own account;
- Employees may not discuss anticipated client account purchases except for purposes of serving such account; and
- Employees may not release information respecting clients’ accounts to outsiders, except for purposes of effecting transactions in such account.

Employees cannot buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or part, from their employment with us, unless the information is also available to the investing public on reasonable inquiry. We do not prefer our interests to your interests. We monitor employee personal and proprietary trading activity. This activity is reviewed at least quarterly to ensure compliance with internal control policies and procedures. We strive to ensure that all employees act in accordance with applicable regulations governing registered investment advisory practices as applicable to the firm. Employees not in observance of this goal are subject to sanctions, including termination of employment.

Additionally, the Code contains provisions designed to prevent misuse of material non-public information.

Personal Trading

We may recommend, purchase, or sell securities for a client in which we, or one or more of our employees (or related persons) directly or indirectly, has a position or financial interest in which it or any related person buys or sells for himself. For example, we may recommend a client purchase an interest in a private Fund for which we are compensated to provide advisory services, as described above under “Advisory Business – Pooled Investment Vehicle Services.” Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to other clients.

Personal transactions in securities by HMCM’s employees are subject to the restrictions and procedures in HMCM’s Code and HMCM’s Compliance Policies and Procedures Manual (“Manual”). A copy of HMCM’s Code is available upon request.

BROKERAGE PRACTICES

Brokerage

Pension Consulting Services

We generally do not place trades for Plans unless specific instructions are provided by the Plan and generally involve the purchase or sale of ETFs or mutual funds.

Wealth Management & Pooled Investment Vehicle Services

Our clients either direct brokerage or ask us, under limited circumstances, to select brokerage providers for their accounts. The type of brokerage and circumstances under which we are authorized to select brokers are reflected in the client's Management Agreement. For clients who direct brokerage, we may recommend that clients establish brokerage accounts with the Institutional division of TD Ameritrade, a registered broker-dealer and SIPC member, to maintain custody of clients' assets and to effect trades for their accounts. We are independently owned and operated and not affiliated with TD Ameritrade. We may consider other broker-dealers at a client's request, but may not be able to work with certain brokers due to a variety of technology and other issues.

If you choose to direct brokerage through TD Ameritrade or any other broker, you are obligated to independently evaluate the broker to confirm that you believe the broker can provide you and your accounts services that are beneficial to you, including best execution, custodial statements and overall services. Consequently, such clients may not necessarily obtain execution of transactions or brokerage rates as favorable as those, which might be obtained through an investment adviser that undertakes selection of brokerage firms or negotiates rates with selected firms.

For our client accounts maintained in TD Ameritrade's custody, TD Ameritrade generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through TD Ameritrade or that settle into TD Ameritrade accounts. For transactions not executed through TD Ameritrade, TD Ameritrade charges up to a flat \$25 fee per transaction to settle the transaction into the client account. TD Ameritrade's commission schedule is attached to this Brochure as Exhibit A.

Best Execution & Soft Dollar Research

Pension Consulting Services

We do not receive soft dollars for research related to Plan accounts. We will not receive or pay for services impacting pension clients.

Wealth Management & Pooled Investment Vehicle Services

Best Execution & Broker Selection

Our policy is to seek the best execution and the most advantageous price in light of the overall quality and reliability of brokerage, including research services provided by the brokerage firm. As such, clients may pay higher commissions than would be obtainable for execution by other brokers in recognition of the value of the information provided to us. In paying such higher commissions, we will make a good faith determination that the higher commission is reasonable in relation to the value of the research and brokerage services provided, viewed in terms of either a particular transaction or our overall responsibility to all of our accounts. Although we believe that access to independent research is an important resource for our research and investment processes, we do not allocate commission to brokers for services or products that do not provide lawful and appropriate assistance.

Generally when selecting broker-dealers to execute securities transactions on behalf of clients' accounts, we will select only those that have been approved pursuant to internal broker approval procedures and will consider the following non-exclusive factors:

- The integrity of the broker to handle the transaction and ability to maintain confidentiality;
- The size of the order;
- The speed of execution on competing markets;
- The broker's responsiveness;
- The broker's expertise in effecting difficult trades in less liquid, smaller capitalized and more closely held issues;
- The broker's operational efficiency, including but not limited to the broker's ability to complete the transaction satisfactorily through to clearance, confirmation and deliver settlement;
- The value of research provided to HMC by the broker; and
- The financial condition and business reputation of the broker-dealer.

We seek to obtain best net results based on the above factors, or "best execution" when selecting broker-dealers to execute transactions on behalf of client accounts. After due consideration is given to all factors, it may be in the client's best interest to pay a higher commission to receive best execution. We do not make formal or informal commitments as to the level of brokerage commissions it will allocate to a broker. We review our Approved List of Broker Dealers at least annually to ensure that trading through each of the broker-dealers continues to meet our requirements.

Research

It is common practice for investment advisers and other investors to receive brokerage and research services, pursuant to Section 28(e) of the Securities Exchange Act of 1934, as amended, from brokers that execute portfolio transactions for clients, and from third parties with which such broker-dealers have arrangements. Consistent with this practice, HMC may place portfolio transactions for our clients with brokerage firms that HMC believes can satisfy its obligation to seek best execution that provide brokerage and research services and products in accordance with applicable legal standards. When

HCMC uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, HCMC receives a benefit because we do not have to pay for the research, products or services. HCMC may have an incentive to select or recommend a broker based on HCMC's interest in receiving research or other products and services, rather than our client's interest in receiving most favorable execution. HCMC places brokerage only for those clients who do not direct brokerage and only in certain circumstances that are set forth in our policies and procedures.

Research furnished by brokers, dealers, or others may be used in servicing any one or few or all of the clients of the firm. Such research may be used in connection with accounts other than those which pay the commissions to the broker-dealer providing the services. Research services are received through telephone contacts and written reports, and include information on the economy, industries, individual companies, statistical information, technical market action, performance analysis and analysis of corporate responsibility issues.

TD Ameritrade makes available to HCMC other products and services that benefit us but may not benefit all of our clients' accounts. TD Ameritrade provides us with access to its institutional trading and custody services, which are typically not available to TD Ameritrade retail investors. These services generally are available to independent investment advisers on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the adviser's clients' assets is maintained in accounts at TD Ameritrade Institutional, and are not otherwise contingent upon the adviser committing to TD Ameritrade any specific amount of business (assets in custody or trading). TD Ameritrade's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment. Other products and services provided by TD Ameritrade assist us in managing and administering clients' accounts. These include software and other technology that provide access to client 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 HCMC's fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of our accounts, including accounts not maintained at TD Ameritrade Institutional.

TD Ameritrade 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, TD Ameritrade may make available, arrange and/or pay for these types of services rendered to HCMC by independent third parties. TD Ameritrade 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. While as a fiduciary we endeavor to act in our clients' best interests, our

recommendation that clients maintain their assets in accounts at TD Ameritrade may be based in part on the benefit to us of 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 TD Ameritrade, which may create a potential conflict of interest.

Prime Brokerage

Pension Consulting Services

We do not place trades for Plan clients unless specific instructions are provided by the client and generally involve the purchase or sale of bonds, ETFs or mutual funds.

Wealth Management & Pooled Investment Vehicle Services

We may consider trading away from a client's broker/custodian on certain fixed income and equity securities (purchases or sales) on a prime broker basis where we have received the permission to do so in the client's Management Agreement. The situations where we will trade away include certain types of fixed income securities and thinly-traded stock that the broker/custodian may not have ready access to, or reduced commission trades. Only client portfolios that qualify can participate in a prime broker trade. To qualify, each individual client account (portfolio) must have a market value of \$150,000 initially and continually.

In addition to the trading commission or any mark-up, the broker/custodian may charge the custodial settlement fee up to \$25 per transaction (this is a fee that is generally waived when trades are placed through the broker/custodian.)

Block Trading

Pension Consulting Services

We do not place trades for Plan clients unless specific instructions are provided by the Plan and generally only involve the purchase or sale of ETFs or mutual funds.

Wealth Management & Pooled Investment Vehicle Services

We may aggregate multiple client orders as a single "bunched" transaction. Such aggregated transactions may include advisory accounts in which our affiliated persons may have an interest and performance fee based accounts. We believe that generally we can most effectively seek best execution for all of our advisory clients, including partnerships, if we aggregate orders for all of our clients. We will only aggregate client orders if we can fairly and equitably do so consistent with principles of best price and best execution and the terms of the clients' advisory agreements.

The broker's trading department allocates large orders of equities purchased by HCMC among client accounts eligible to receive such securities in a pro-rated manner. However, if we do not receive a large enough allocation from the broker through which the securities were purchased for all accounts that have been designated to participate in the purchase, generally we will

allocate the shares on a pro-rated basis, based upon the original percentage of the block to be allocated to the client account.

If a related account participates in a block trade with client accounts, and the shares received are less than the original order, the employee account's allocation shall be reduced to zero and those shares will be allocated to the remaining client accounts in a prorated manner.

Although created with the goal of treating client accounts in an optimal manner, there is no certainty that the allocation process will result in fair allocations, or that they will be allocated to all clients, or allocated equally among clients participating in the aggregated transactions.

Trade Errors

Pension Consulting Services

We generally do not place trades for Plan clients unless specific instructions are provided by the Plan and generally only involve the purchase or sale of ETFs or mutual funds.

Wealth Management & Pooled Investment Vehicle Services

If a trade error for a portfolio management client occurs and is our error, TD Ameritrade keeps all trade error profits regardless of who makes the error. TD Ameritrade will cover all trade error losses up to \$100 regardless of who made the error; over that amount the party responsible (HMCM or TD Ameritrade) will make you whole on the error amount.

Trade Aggregation

Aggregating Trades Among Clients

We obtain client consent to aggregate client trades with those of other clients. In some circumstances, we may not aggregate trades, such as with client-initiated trades. Our Manual provides that when aggregating trades among clients, any investment by one client may not be dependent or contingent upon the willingness or ability of another client to participate in such order. We seek to place the aggregated order with the broker-dealer that offers the most favorable terms under the prevailing market conditions, consistent with its best execution procedures described above. Terms negotiated for the aggregated order will apply equally to each participating client. The price of the securities purchased or sold in an aggregated order will be at the average share price for all transactions of the clients in that security on a given day, with all transaction costs shared on a pro rata basis. Partially filled orders are allocated pro rata based on the written aggregation statement. If an order is to be allocated in a manner different from that in the written aggregation statement, all clients must receive fair and equitable treatment and the written rationale for the departure must be approved by our Chief Compliance Officer. Finally, we strive to place a single aggregated order in a day.

Aggregating Trades with Employee Trades

In accord with our Manual, client trades are aggregated with employee trades only if (i) the client trades are treated equally with employee and affiliated account trades; (ii) each affiliated and non-affiliated participant in the trade will receive average execution and average commissions; (iii) securities purchased or sold are allocated pro rata unless the order is partially filled, in which case, the employee order will be cancelled; and (iv) the practice of aggregating client trades with those of our employees and affiliated accounts is disclosed in the client's Management Agreement.

REVIEW OF ACCOUNTS

Review of Client Accounts

All client accounts are subject to review by the President or Chief Compliance Officer. Client reviews are conducted semi-annually, at a minimum. More frequent reviews may be conducted if we are contacted by a client regarding a change in personal circumstances. Additional reviews may be conducted as dictated by economic or other events. In addition, all securities held by clients, or in the case of clients receiving consulting services from HMCM, all third party portfolio managers recommended are monitored by our portfolio accounting system or by third party databases we use to monitor the performance of third party money managers we may recommend.

Clients will receive a monthly or quarterly statement from their custodian with specific detail on all of the activity within their custodial account(s) for the time period. Clients may receive supplemental written reports from us with performance information and other corresponding information and content. We will, at our sole discretion, determine which clients will receive the supplemental report and the frequency of the supplemental report.

Clients are encouraged to compare any reports provided by us to account statements received from the account custodian.

CLIENT REFERRALS AND OTHER COMPENSATION

We may make cash payments to third party solicitors, including but not limited to CLJM, LLC d/b/a Huntleigh McGehee and Smith McGehee LLC, in exchange for promoting HMCM's services and for client referrals provided that each solicitor has entered into a written agreement with HMCM pursuant to which the solicitor will provide each prospective client with a copy of this brochure and a disclosure document setting forth the terms of the solicitation arrangement. Where applicable, cash payments for client solicitations will be structured to comply fully with the requirements of Rule 206(4)-3 under the Investment Advisers Act of 1940.

HMCM does not mark up its advisory fee schedule for any of its services to pay the third party solicitor. The referral fees paid are born solely by HMCM from the compensation (advisory fees) charged as disclosed in this brochure for our advisory services.

CUSTODY

See “Review of Accounts” above.

INVESTMENT DISCRETION

Investment Discretion & Investment Restrictions

Pension Consulting Services

With regard to pension consulting, we do not have investment discretion unless specifically agreed to in our Management Agreement with the Plan. We provide recommendations with regard to the investment managers and/or mutual funds to the Plan’s retirement committee. Because we are responsible for providing advice regarding investments and do not have investment discretion on behalf of Plan clients, we do not manage investment restrictions. However, we will take into account the direction of the client in designing a slate of investment choices.

Wealth Management & Pooled Investment Vehicle Services

We manage wealth management and Fund advisory accounts with investment discretion. This means that we have the authority to determine the securities and the amount of the securities to purchase or sell for the account without obtaining the client’s specific consent transaction-by-transaction. This consent is provided to us through the Management Agreement between us and the client.

Clients may place reasonable restrictions on the types of investments that will be made on their behalf and we will manage the accounts within those requirements. Any such restrictions shall be in writing and will not be implemented or monitored until accepted by us. We reserve the right to not accept or terminate an account if we believe the restrictions imposed are not reasonable (and limit our ability to provide our services to you). Portfolio restrictions may affect future performance of the account either positively or negatively.

VOTING CLIENT SECURITIES

Proxy Voting Information

We will not accept proxy voting responsibility for any client unless agreed to at the time the Management Agreement is signed, or for any account subject to ERISA. For ERISA clients, we will request specific authorization through the Management Agreement for HCMC to vote or not to vote the proxies. Where we do not vote the proxies, the trustees will identify the named fiduciary which has proxy voting responsibility.

An ERISA Plan which delegates proxy voting responsibility to us will provide us its proxy voting policy, and we will use the Plan’s proxy voting policy to govern how proxies are voted in the best interest of the Plan and its participants. We reserve the right to engage, at our expense, a third party proxy voting service to assist us in performing its responsibilities.

We have our own proxy voting policy. Clients may obtain a copy of our proxy voting policy upon request. When we have proxy voting authority, we consider only those factors that relate to the client’s investment, including how its vote will economically impact and affect the value of the client’s investment. Generally, we will vote in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, and maintain or increase the rights of shareholders, and will vote against proposals having the opposite effect.

Conflicts between HCMC and its clients may arise in voting proxies. Where we identify a conflict, we will use one of the following methods to resolve such conflicts, provided such method results in a decision to vote the proxies that is based on the clients’ best interest and is not the product of the conflict:

- We will provide the client with sufficient information regarding the shareholder vote and our potential conflict to the client and obtain the client’s consent before voting;
- We will vote securities based on our pre-determined voting guidelines;
- We will vote client securities based upon the recommendations of an independent third party; or
- We will request that the client engage another party to determine how the proxies should be voted.

Clients may obtain information about how we voted their securities by calling us at (314) 746-1700.

FINANCIAL INFORMATION

Not Applicable.

Exhibit A

TD Ameritrade Commission Schedule

(current as of March, 2013)

This commission Schedule is set by TD Ameritrade and provided by TD Ameritrade, and based upon the projected assets to be held in custody. Please evaluate this schedule to ensure you are satisfied with it. Where clients direct brokerage through TD Ameritrade, HCMCM does not have the authority to negotiate commissions.

Equity Trades

Placed via offline-Broker assisted: 1 cent per share, \$45 minimum

Placed via Web Trading: \$9.00

Fixed Income

Placed via Phone: All Fixed income trades on the secondary market; mark up or mark down included in the price; TD Ameritrade acts as principal

Placed via Web Trading: All Fixed income trades on the secondary market; mark up or mark down included in the price; TD Ameritrade acts as principal

Treasuries \$25.00 per transaction

Mutual Funds

No-Transaction Fee Funds: \$0

Transaction Fee Funds:

Placed via Phone: \$45.00

Placed electronically: \$20.00

Options Transactions

Placed via Phone: \$45.00 plus \$0.75 per contract

Exhibit B

FACTS		WHAT DOES HM CAPITAL MANAGEMENT, LLC DO WITH YOUR PERSONAL INFORMATION?	
WHY?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.		
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none">■ Social Security number■ income■ account balances■ transaction history■ assets■ risk tolerance <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>		
How?	All financial companies need to share clients' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their clients' personal information; the reasons HM Capital Management, LLC ("HM") chooses to share; and whether you can limit this sharing.		
Reasons we can share your personal information		Does HM Capital Management, LLC share?	Can you limit this sharing?
For our everyday business purposes—such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus		Yes. HM may share Personal Information described above for business purposes with a non-affiliated third party if the entity is under contract to perform transaction processing or servicing on behalf of HM and otherwise as permitted by law. Any such contract entered by HM will include provisions designed to ensure that the third party will uphold and maintain privacy standards when handling Personal Information. HM may also disclose Personal Information to regulatory authorities as required by applicable law.	No.
For our marketing purposes—to offer our products and services to you		No	We don't share.
For joint marketing with other financial companies		No.	We don't share.
For our affiliates' everyday business purposes—information about your transactions and experiences		No.	We don't share.
For our affiliates' everyday business purposes—information about your creditworthiness		No.	We don't share.
For nonaffiliates to market to you		No.	We don't share.
QUESTIONS?	Call 1-800-768-4926 or go to www.hmcapitalmanagement.com		

Who is providing this notice?	HM Capital Management, LLC
How does HM Capital Management, LLC protect my personal information?	<p>To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.</p> <p>HM limits access to personal information to those individuals who need to know that information in order to process transactions and service accounts and they are subject to an obligation of confidentiality.</p>
How does HM Capital Management, LLC collect my personal information?	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> ■ open an account ■ pay your bills ■ apply for a loan ■ seek financial or tax advice ■ enter into an investment advisory contract <p>“We also collect your personal information from other companies.”</p>
Why can’t I limit all sharing?	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> ■ sharing for affiliates’ everyday business purposes—information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for nonaffiliates to market to you

Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ HM Capital Management, LLC has no affiliates.
Nonaffiliates	<p>Companies not related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> ■ HM may share Personal Information described above for business purposes with a non-affiliated third party performing transaction processing or servicing on behalf of HM and otherwise as permitted by law. HM Capital Management, LLC does not share with non-affiliates so that they can market to you.
Joint marketing	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p>



HM CAPITAL MANAGEMENT

2013

Disclosure Brochure Supplement

**HM Capital Management, LLC • 8235 Forsyth Boulevard, Suite 540 • Clayton, Missouri 63105
(314) 746-1700 • www.hmcapitalmanagement.com**

This brochure supplement provides information about the principles of HM Capital Management and is a supplement to the HM Capital Management, LLC brochure.

Additional information about the principles is available on the SEC's website at www.adviserinfo.sec.gov.

Name of Supervised Person: **Matthew E. Kopsky** - President

Background and Relationship with HM Capital:

HM Capital Management, LLC (“HMCM”) is partly owned by the MEK Family Trust – Matt Kopsky, Trustee. Matt Kopsky is HMCM’s President. Matt was born in 1966 and earned a BSBA in 1989 from Creighton University. Matt’s primary responsibilities include the oversight of corporate pension clients and family advisory clients. Activities include the development of investment policy statements, asset allocation, manager selection, review and monitoring. Prior to establishing HM Capital Management, Matt was Senior Vice President and Senior Institutional Consultant for Wachovia Securities. Areas of responsibility were similar in nature to present responsibilities. From 1993-2000, Matt was a Vice President – Investments with PaineWebber. From 1989-1993, Matt was a Vice President in the Corporate Banking Departments of Mark Twain Banks and Boatmen’s Bank.



Supervision:

Matt Kopsky monitors the advice given by HMCM employees by periodically participating in clients meetings, assisting in the preparation of reviews and upholding the HMCM “Core Value” of Objectivity – Operate with the highest ethical standards, and in doing so always act in the best interest of the client. His investment activities are subject to our compliance policies and procedures and are reviewed by the Chief Compliance Officer.

As supervisor, Matt Kopsky can be reached at the following:
HM Capital Management
8235 Forsyth Blvd., Suite 540
St. Louis, MO 63105
Phone: 314-746-1700

Name of Supervised Person: Karen M. Gloriod, CPWA® – Vice President and Chief Compliance Officer

Background and Relationship with HM Capital:

Karen Gloriod is Executive Vice President, Chief Compliance Officer, and partial owner of HMCM. Karen serves as the primary relationship manager for HMCM's Family Advisory clients. Her primary responsibility is to coordinate the financial affairs of our family office clients. In addition, Karen oversees the development, review, and adherence of comprehensive financial plans for our Family Advisory clients.

Karen has over fifteen years of investment advisory experience. Karen has achieved her Certified Private Wealth Advisor® certification which is an advanced credential created specifically for wealth managers and advisors who work with high-net-worth clients on the life cycle of wealth offered through The University of Chicago Booth School of Business.

Karen earned her BSBA from Rockhurst University.

Supervision:

As Chief Compliance Officer Karen Gloriod oversees and manages compliance within the organization ensuring the company and its employees are complying with regulatory requirements and the internal policies and procedures of the organization. Karen has supervisory responsibilities for other Family Advisory relationship managers working for HMCM. As supervisor, Karen monitors the advice given by HMCM employees by periodically participating in clients meetings, assisting in the preparation of reviews and upholding the HMCM “Core Value of Objectivity” – Operate with the highest ethical standards, and in doing so always act in the best interest of the client. Her investment activities are subject to our compliance policies and procedures and are reviewed by Matthew Kopsky.

As supervisor, Karen Gloriod can be reached at the following:

**HM Capital Management
8235 Forsyth Blvd., Suite 540
St. Louis, MO 63105
Phone: 314-746-1700**



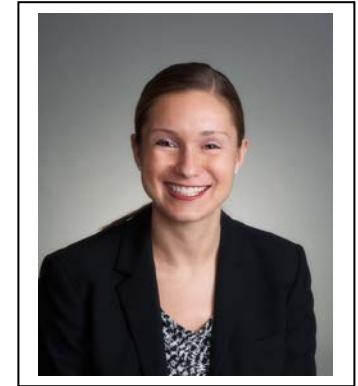
Name of Supervised Person: **Maribeth R. Snodgrass, RPA - Vice President**

Background and Relationship with HM Capital:

Maribeth Snodgrass is Executive Vice President and partial owner of HMCM. Maribeth serves as the primary relationship manager for HMCM's institutional clients. Her primary responsibilities include the analysis of existing and prospective funds/managers focusing on risk adjusted returns, peer comparison, style drift, manager continuity and size constraints.

Maribeth earned her BSBA in Finance and Marketing from St. Louis University.

Maribeth earned her Retirement Plans Associate (RPA) designation through the Certified Employee Benefit Specialist Program, a joint program of the International Foundation of Employee Benefit Plans and the Wharton School of the University of Pennsylvania. Maribeth is a board member of the Saint Louis CEBS Chapter.



Supervision:

Maribeth has supervisory responsibilities for other Institutional relationship managers working for HMCM. As supervisor, Maribeth monitors the advice given by HMCM employees by periodically participating in clients meetings, assisting in the preparation of reviews and upholding the HMCM “Core Value of Objectivity” – Operate with the highest ethical standards, and in doing so always act in the best interest of the client. Her investment activities are subject to our compliance policies and procedures and are reviewed by our Chief Compliance Officer and Matthew Kopsky.

As supervisor, Maribeth Snodgrass can be reached at the following:
HM Capital Management
8235 Forsyth Blvd., Suite 540
St. Louis, MO 63105
Phone: 314-746-1700

Name of Supervised Person: **Emilie H. Schaffer, CFPTM, CRPCSM** - Assistant Vice President.

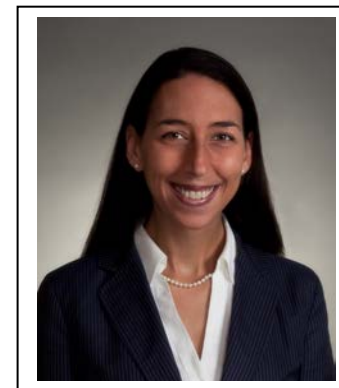
Background and Relationship with HM Capital:

Her primary responsibility is to oversee the day-to-day needs of HM Capital Management's Institutional and Family Advisory clients.

Emilie has over eight years of investment advisory experience.

Emilie earned her BSBA in Finance and BS in Accounting from the University of Missouri – St. Louis.

Emilie has achieved the Certified Financial PlannerTM certification and Chartered Retirement Planning CounselorSM designation.



Supervision:

Emilie is supervised by Matt Kopsky, Karen Gloriod and Maribeth Snodgrass.

Name of Supervised Person: **Benjamin M. Westerman, CPA** – Assistant Vice President

Background and Relationship with HM Capital:

His primary responsibilities include overseeing the day-to-day needs of HM Capital Management's Family Advisory and Institutional clients.

Prior to joining HM Capital Management, Ben worked in the tax department of Deloitte, LLP.

Ben earned his BS in Accounting and Master of Accounting degrees from the University of Kansas.

Ben achieved the Certified Public Accountant certification.



Supervision: **Ben is supervised by Matt Kopsky and Karen Gloriod.**

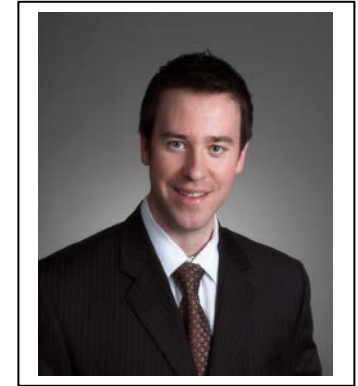
Name of Supervised Person: **Jordan C. Janes** - Assistant Vice President

Background and Relationship with HM Capital:

His primary responsibilities include assisting in financial planning, wealth transfer strategies, and implementing each client's financial action plan.

Prior to joining HM Capital Management, Jordan was a fixed income trader and provides expertise with respect to fixed income trading and implementation of our clients' bond portfolios.

Jordan earned his B.S. in Finance from Saint Louis University.



Supervision: **Jordan is supervised by Matt Kopsky and Karen Gloriod.**

Name of Supervised Person: **Alex Ramos** – Assistant Vice President – Investment Strategist

Background and Relationship with HM Capital: His primary responsibilities include portfolio management, performance reporting, trading, equity and mutual funds research, and analyzing market conditions.

Alex has over fifteen years of investment advisory experience. Prior to joining HM Capital Management, Alex was an Equity Analyst and Portfolio Manager with Buford, Dickson, Harper, & Sparrow Inc.

Alex earned his BA in Economics from Washington University.



Supervision: **Alex is supervised by Matt Kopsky and Karen Gloriod.**

Name of Supervised Person: **Mark Zipprich** – Office Manager

Background and Relationship with HM Capital:

His primary responsibilities are conducting the day-to-day business needs of the office and supporting the executives, staff and clients with any projects and/or needs.

Prior to joining HM Capital Management, Mark was an Executive Assistant and Marketing Coordinator for Mercer Consulting.

Mark earned his B.S. in Mass Communications and Marketing from Southern Illinois University Edwardsville.



Supervision:

Mark is supervised by Matt Kopsky, Maribeth Snodgrass, Karen Gloriod, and Emilie Schaffer.