



Part 2A of Form ADV: Firm Brochure

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This Brochure provides information about the qualifications and business practices of Hancock Institutional Advisors, LLC. If you have any questions about the contents of this Brochure, please contact us at 314-997-3191 or clewis@hsgstl.com. The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Hancock Institutional Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by an identifying number, known as a CRD number. Our firm's CRD number is 149294.

Item 2. Material Changes

This Brochure provides prospective clients with information about Hancock Institutional Advisors, LLC that should be considered before or at the time of obtaining our advisory services. This Brochure is required to be updated at least annually, or sooner when material changes to our business take place. Each year we will deliver to you, by no later than April 30th, either: (i) a free updated Brochure that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes and an offer to provide a free copy of the updated Brochure and how to obtain it.

There have been no material changes to our business since our last annual update of this Brochure on March 31, 2012.

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Item 4. Advisory Business

Hancock Institutional Advisors, LLC (“Adviser”) is an investment adviser registered with the SEC under the Investment Advisers Act of 1940 located in St. Louis, Missouri. Adviser began conducting business in 2009.

Adviser is 100% employee-owned. Manchester Holdings, LLC and Mr. John R. Smith own Adviser. Manchester Holdings is owned by Clinton J. Lewis, Steven M. Rull and Joseph D. Garea.

FIXED INCOME PORTFOLIO MANAGEMENT

Executive Portfolio Management. Adviser provides fixed income portfolio management and evaluation services to institutional clients, including banks, thrift institutions, insurance companies, and non-profit organizations. Adviser provides investment advice on a non-discretionary basis. Adviser’s investment recommendations generally include advice regarding the following fixed income securities:

- Corporate debt securities
- Commercial paper
- Certificates of deposit
- Municipal securities
- U.S. Government and agency securities
- Collateralized mortgage obligations
- Mortgage-backed securities
- Asset-backed securities

Adviser typically recommends fixed income securities rated investment grade as of the date of purchase. Generally, Adviser recommends direct investments in fixed income securities. However, Adviser may recommend that clients obtain exposure to the fixed income market through investments in other investment companies, including open- and closed-end funds and ETFs that invest primarily in fixed income securities. Adviser may recommend U.S. dollar-denominated securities of foreign issuers (typically referred to as Yankees). If requested by an institution, Adviser will provide recommendations on non-investment grade fixed income securities, typically limited to 10% of a portfolio.

Objective Portfolio Review. Adviser will perform an independent evaluation of an institution’s fixed income portfolio and recommend changes as determined by Adviser in its discretion.

Interest Rate Management. Upon request of a client, Adviser may provide monthly interest rate analyses and reports, which are designed to assist the Chief Financial Officer and Board of Directors of a bank, thrift or other depository institution in establishing deposit and CD rates, CD maturity timeframes and interest rate management of the client’s fixed income portfolio.

Upon request of a bank, thrift or other depository institution client, Adviser will send an experienced portfolio manager to attend meetings of the client’s Asset/Liability Committee to advise management executives and board members on investment and interest rate strategy formation and implementation.

AMOUNT OF MANAGED ASSETS

As of December 31, 2012, Adviser managed \$19,165,231,677 of clients' assets on a non-discretionary basis and no assets on a discretionary basis.

Item 5. Fees and Compensation

Asset-Based Fee. Adviser's annual fee for Executive Portfolio Management is based on a percentage of assets under management, according to the following schedule:

<u>Market Value of Account</u>	<u>Annual Fee</u>
First \$25 million of assets	12 basis points
Next \$25 million of assets	10 basis points
Next \$25 million of assets	8 basis points
Next \$25 million of assets	6 basis points
Next \$100 million of assets	4 basis points
Assets in excess of \$200 million	3 basis points

Although Adviser has established the aforementioned fee schedule, Adviser retains the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs are considered in determining the fee schedule. These include, among other things, the complexity of the client's investment strategy, assets to be placed under management, anticipated future additional assets, related accounts, portfolio style, account composition and reports. The annual fee schedule applicable to an institution will be set forth in the client's investment advisory agreement with Adviser (the "Advisory Agreement"). Advisory fees are billed monthly, in advance, at the beginning of each month based upon the value (market value or fair market value in the absence of market value), of the client's account at the end of the previous month. Fees will be invoiced to clients monthly and will be due upon receipt.

Fixed Fee. Adviser's annual fee for Objective Portfolio Review or Interest Rate Management services typically is a flat fee negotiated on a case-by-case basis in advance with each institutional client. Overall factors to be considered include the type and amount of assets to be managed and the complexity of the client's circumstances. Adviser's annual fixed fee may range from \$1,000 to \$50,000, depending on the scope of services. The annual fee applicable to an institution will be set forth in the client's Advisory Agreement.

Termination of the Advisory Relationship. An Advisory Agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. As disclosed above, Adviser's advisory fees are paid in advance of services provided. Upon termination of any client's account, any prepaid, unearned fees will be promptly refunded by Adviser. In calculating a client's reimbursement of fees, Adviser will pro-rate the reimbursement according to the number of days remaining in the billing period.

Additional Fees and Expenses. In addition to our advisory fees, clients are also responsible for the fees and expenses charged by client's custodian and broker-dealers that execute transactions for client's account.

Item 6. Performance-Based Fees and Side-By-Side Management

Adviser does not charge performance-based fees or manage separate accounts and private funds on a side-by-side basis.

Item 7. Types of Clients

Adviser provides advisory services to the following types of clients:

- Banking and thrift institutions
- Corporations
- Non-profit corporations
- Insurance companies
- Other investment advisers
- High net worth individuals

There is no minimum account size requirement.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

METHODS OF ANALYSIS

In recommending fixed income securities to institutional clients, Adviser typically considers the fixed income sectors represented in the Barclays Capital Aggregate Bond Index. Adviser may recommend securities in those areas of the bond market that Adviser believes to be relatively undervalued, based on quality, sector, coupon or maturity. Adviser seeks to identify fixed income sectors that it believes are favorable to clients and the future prospects of each sector based on recent performance, monetary policy, investor sentiment, market momentum, business fundamentals, business cycles, and/or market cycles. Once Adviser identifies a sector that is outperforming or has the potential to outperform the market as a whole, Adviser seeks individual fixed income securities based on its review of the issuer's current and historical spreads to comparable Treasury securities, and fundamental analysis of issuer's future prospects.

Reliance on Third Party Ratings. Our securities analysis methods rely on the assumption that the companies whose securities we recommend, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are aware that this data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

PRINCIPAL INVESTMENT RISKS

Investing in securities involves risk of loss that clients should be prepared to bear. Based on certain of the specific securities we may recommend, below are some more specific risks of investing:

- ***Fixed Income Risks***

Credit Risk. The issuer of a fixed income security may not be able to make interest and principal payments when due. Generally, the lower the credit rating of a security, the greater the risk that the issuer will default on its obligation.

Change in Rating Risk. If a rating agency gives a debt security a lower rating, the value of the debt security will decline because investors will demand a higher rate of return.

Interest Rate Risk. As nominal interest rates rise, the value of fixed income securities held by a Fund is likely to decrease. A nominal interest rate is the sum of a real interest rate and an expected inflation rate. Inflation-indexed securities, including Treasury Inflation-Protected Securities (TIPS), decline in value when real interest rates rise. In certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, inflation-indexed securities may experience greater losses than other fixed income securities with similar duration.

Duration Risk. Prices of fixed income securities with longer effective maturities are more sensitive to interest rate changes than those with shorter effective maturities.

Prepayment and Extension Risk. As interest rates decline, the issuers of securities held by a client may prepay principal earlier than scheduled, forcing the client to reinvest in lower yielding securities. As interest rates increase, slower than expected principal payments may extend the average life of fixed income securities, locking in below-market interest rates and reducing the value of these securities. To the extent that a client invests in mortgage-backed securities, there is a greater risk that the client will lose money due to prepayment and extension risks associated with these securities.

Premium/Discount Risk. When a client buys a fixed-income security at a premium to its face value, it will be subject to the risk that the entire coupon (interest rate) may be paid out as a dividend. Over time the value of the client's portfolio may decline, because the premium on the fixed income security declines as it approaches maturity (at maturity the market price of a fixed income equals its face value). The declining premium lowers value of the security in the client's portfolio. Thus the client may have attained a higher payout over the life of the fixed income, but at the expense of an erosion in the value of such security over time. Premium erosion is most frequent among government and investment-grade corporate bond funds.

- ***Municipal Securities Risks.*** Municipal securities risks include the municipality's ability to raise additional tax revenue or other revenue (in the event the bonds are revenue bonds) to pay interest on its debt and to retire its debt at maturity. Municipal bonds are generally tax-free at the federal level, but may be taxable in individual states other than the state in which both the investor and municipal issuer are domiciled.
- ***U.S. Government and Agency Securities.*** Adviser may invest in U.S. government securities. U.S. government securities include securities issued by the U.S. Treasury and by U.S. government agencies and instrumentalities. U.S. Government securities may be supported by the full faith and credit of the United States. . If a U.S. Government agency or instrumentality defaults and the U.S. Government does not stand behind the obligation, the securities could decline in value. Securities of U.S. Government-sponsored entities, such as Freddie Mac or Fannie Mae, are neither issued nor guaranteed by the U.S. Government.
- ***Mortgage- and Asset-Backed Securities Risk.*** Mortgage-related securities include pass-through securities, collateralized mortgage obligations ("CMOs"), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. The value of some mortgage- or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may

expose a client to a lower rate of return upon reinvestment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when interest rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed income securities. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. Asset-backed securities typically are supported by some form of credit enhancement, such as a letter of credit, surety bond, limited guaranty or senior subordination. The degree of credit enhancement varies, but generally amounts to only a fraction of the asset-backed security's par value until exhausted. If the credit enhancement is exhausted, certificateholders may experience losses or delays in payment if the required payments of principal and interest are not made to the trust with respect to the underlying loans. The value of these securities also may change because of changes in the market's perception of the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing the credit enhancement. In addition, these securities also may be subject to prepayments which may shorten the securities' weighted average life and may lower their returns.

- **Junk Bond Risk.** A client may be subject to greater levels of interest rate and credit as a result of investing in high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds"). These securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for these securities and reduce a client's ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, the client may lose its entire investment.

Item 9. Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

The following disciplinary events are related to our affiliated broker-dealer, Hancock Securities Group, LLC ("Hancock Securities"). Neither event involved Adviser or an advisory client. Joseph D. Garea was disciplined by FINRA in 2003 and paid a fine of \$6,000 for failure to timely deposit investor checks into an appropriate escrow account in connection with a private placement offering. Clinton J. Lewis was disciplined by FINRA in 2010 for failure to properly supervise an independent contractor registered representative who was acting alone in converting client funds through his outside business activities. The contractor acted without the knowledge of Mr. Lewis and was terminated in March 2008. Mr. Lewis was fined \$5,000 and suspended from acting in any principal capacity except as options principal for 10 business days.

Item 10. Other Financial Industry Activities and Affiliations

Management personnel and related persons of Adviser are separately licensed as registered representatives of Hancock Securities, a registered broker-dealer and member of FINRA/SIPC. In such capacity, these individuals may effect securities transactions for which they will receive separate, yet customary compensation. While Adviser and these individuals endeavor at all times to put the interest of our clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

Clint Lewis, Steven Rull, and Joseph Garea, the principals of Adviser, also provide advisory services to retail clients through Hancock Investment Advisors, LLC ("HIA"), a SEC-registered investment adviser. Currently, there are no referral arrangements for compensation between Adviser and HIA. No client of HIA is obligated to use our advisory services, as no client of Adviser is obligated to the advisory services of HIA. Adviser provides investment sub-advisory services to HIA clients seeking fixed income portfolio management.

We occasionally trade the same securities in client portfolios that are traded by HIA in its client's portfolios. When this occurs, our clients may receive a better or worse price or execution than HIA depending on the order of trade execution, the type of security traded and the broker-dealer used. In order to minimize the potential for any systematic disadvantage to clients, when trades are placed by or at the direction of Clint Lewis, Steven Rull and Joseph Garea in the same security on the same day for both Adviser's clients and the clients of HIA.

As mentioned above, Adviser is affiliated and under common control with Hancock Securities and HIA (the "Related Companies"). Where appropriate, Adviser and its employees may recommend the various investment and investment-related services of the Related Companies to our advisory clients. The Related Companies and their employees may also recommend the advisory services of our firm to their clients. The services provided by the Related Companies are separate and distinct from our advisory services, and are provided for separate and additional compensation.

There may also be arrangements among Adviser and these Related Companies where Adviser and/or the Related Companies or their employees receive payment in exchange for client referrals. No client of Adviser is obligated to use the services of any of the Related Companies.

In addition, the management persons and other employees of Adviser are: (i) management persons and registered representatives of Hancock Securities, a registered broker-dealer and member of FINRA; and, (ii) management persons and insurance brokers of Hancock Securities, a licensed insurance broker. These individuals may also be licensed as insurance agents of various insurance companies. In their separate capacities as registered representatives and/or insurance agents, these individuals may effect securities transactions and/or purchase insurance and insurance-related investment products for clients of Adviser, for which these individuals may receive separate and additional compensation or commissions. Clients, however, are not under any obligation to engage these individuals when considering the purchase or sale of securities or insurance.

Clients should be aware that the receipt of additional compensation by Adviser and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Adviser strives to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser and to provide disclosure of potential conflicts of interest where they exist.

Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Adviser and its personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but also to its guiding principles.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by Adviser's access persons. The Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. It also contains oversight, enforcement and recordkeeping provisions.

Our Code of Ethics includes Adviser's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity. A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to clewis@hsgstl.com, or by calling us at 314-997-3191.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, Adviser and its related persons may have an interest or position in a certain securities which may also be recommended to a client.

Item 12. Brokerage Practices

Selection of Broker Dealer. Institutional clients typically establish their own custodial and brokerage relationships. Adviser will use only those broker-dealers approved by an institutional client in advance to execute fixed income trades in the client's account. When selecting among a list of broker-dealers approved by the client to execute a trade, Adviser will consider the following primary factors: price, availability of products, and ability to execute the trades in a timely and otherwise satisfactory manner. Reasonableness of the compensation charged by broker-dealers is typically judged by looking at the prevailing rate for the trade at issue and determining whether the broker-dealer to be used is competitive with the same.

No Soft Dollars. Adviser has not entered into arrangements where it directs clients' brokerage transactions to a broker-dealer who provides research services to Adviser, so-called "soft dollar arrangements."

Item 13. Review of Accounts

Reviews. Client portfolios are monitored on a regular basis. Client accounts that receive Executive Portfolio Management services typically are reviewed monthly. Accounts shall be reviewed in the context of the investment objectives and guidelines of each client as well as any investment restrictions provided by the client. More frequent reviews may be triggered by material changes in variables such as the client's institutional needs, or the market, political or economic environment. Client accounts are reviewed by John Smith and Nick Trentmann, each a Portfolio Manager of Adviser.

Reports. In addition to the monthly statements and confirmations of transactions that each client receives from its custodian, Adviser typically provides monthly reports to clients that summarize account performance, provide interest rate analyses and market outlook.

Item 14. Client Referrals and Other Compensation

Our firm may pay referral fees to independent persons or firms (“Solicitors”) for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of our Brochure and a separate disclosure statement that includes the following information:

- the Solicitor’s name and relationship with our firm;
- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by Solicitors are not increased as a result of any referral.

Item 15. Custody

Each client receives periodic account statements directly from its custodian. We urge our clients to carefully compare the information provided in these reports to ensure that all account transactions, holdings and values are correct and current. Adviser does not have actual or constructive custody of client accounts, funds, or securities.

Item 16. Investment Discretion

Adviser does not provide discretionary asset management services.

Item 17. Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients or provide consulting assistance regarding proxy issues to clients. Client maintains exclusive responsibility for: (i) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (ii) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client’s investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client’s investment assets.

Item 18. Financial Information

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Item 19. Requirements for State-Registered Advisers

Because Adviser is registered with the SEC, this Item is inapplicable to Adviser.