



Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Hoisington Investment Management Company. If you have any questions about the contents of this brochure, please contact us at the telephone number listed above. 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. Hoisington Investment Management Company (hereinafter called HIMCO) is a Registered Investment Adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about HIMCO also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 107710.

Item 2. Material Changes

The following is a summary of material changes to this brochure since the last update on January 31, 2013. This section only includes material changes since the last annual update of the Brochure. Those changes include:

- Item 5:

Updated to disclose negotiated fees.

- Item 8:

Updated to disclose additional risks.

- Item 15:

Updated to disclose deemed custody.

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Item 4. Advisory Business

The Firm & Principal Owners

HIMCO is an SEC-registered investment adviser with its principal place of business located in Texas. HIMCO began conducting business in 1980. The company is privately held with The Jeanne Hoisington 2011 Family Trust, Van R. Hoisington, Trustee, being a principal owner (i.e., those individuals and/or entities controlling 25% or more of this company). Van R. Hoisington controls, by beneficially owning or controlling as Trustee, 60% of the voting shares. There are no subsidiary companies or affiliates.

Types of Advisory Services

Separate Account Management

HIMCO manages customized fixed income portfolios on a discretionary basis by allocating assets among U.S. government securities and cash equivalents. We are able to tailor advisory services to the individual needs of clients. For example, certain clients may have specific income requirements (e.g., we may accommodate such income needs by investing only in coupon bearing securities).

We provide services under a written contract that is cancellable by the client within five business days of execution without penalty or fees, thereafter by either party upon thirty days' written notice. We provide investment management services for mainly institutional clients: pension and profit sharing plans, 401(k) plans, charitable organizations, state or municipal entities, insurance companies, and other corporations or businesses. Occasionally, we will accept high net worth individual clients. We require that all new accounts have a value of at least one million dollars.

As of 12/31/13 HIMCO had \$4,314,388,843 under management on a discretionary basis. No assets are managed on a non-discretionary basis.

Publication of Newsletter

We publish a quarterly newsletter providing our analysis of the current macroeconomic environment. No specific investment recommendations are included in this newsletter, and no fees are charged for receiving the newsletter.

Sub-advisory Service

We are the sub-adviser for the Wasatch-Hoisington U.S. Treasury Fund. Information on this fund may be obtained by calling (800) 551-1700 or at www.wasatchfunds.com.

Item 5. Fees and Compensation

Fee Schedule

Separately managed account clients are charged fees under the Investment Advisory Agreement. We charge fees for new clients under the following fee schedule:

<u>Assets Under Management</u>	<u>Annual Fee</u>
First \$10 million	.45%
Next \$40 million	.35%
Next \$50 million	.25%
Next \$200 million	.15%
Above \$300 million	.05%

Although HIMCO has established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a limited client-by-client basis. Each client's fee schedule is identified in the contract with the client.

Fees are payable by each client quarterly, in arrears, based upon the market value of the account at the end of each calendar quarter. Fees are prorated if we have served as investment manager for less than the full calendar quarter. In addition, fees are prorated in the event of additional contributions to or withdrawals from the client account during the calendar quarter.

From time to time the fee schedule is revised. Existing clients pay the fee that was in effect at the time their investment advisory agreement was signed or amended. Therefore, fees on older clients may vary from our current fee schedule.

Payment of Fees

Separate accounts may have fees deducted or billed at the client's discretion. Invoices are due within 30 days receipt of the invoice. Payment may be made by check or wire transfer.

Other Fees & Expenses

In addition to our advisory fee, clients may also incur certain charges imposed by third parties, such as custodians, banks and other institutions. These additional charges may include transaction fees, custodial fees, wire transfer and electronic fund fees.

Prepaid Fees

We do not collect any prepaid fees. Clients are invoiced quarterly, in arrears.

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

We do not accept or charge any performance-based fees.

Item 7. Types of Clients

We provide advisory services to the following types of clients:

- Individuals (other than high net worth individuals) – this category includes 401K plans and trusts
- High net worth individuals
- Investment Companies
- Pooled Investment Vehicles
- Pension and profit sharing plans
- Charitable Organizations
- Corporations or other businesses not listed above
- State or Municipal government entities
- Insurance companies

The minimum amount necessary to enter into an agreement for portfolio advisory services is \$1 million, and the minimum quarterly fee is \$5,625.

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

Methods of Analysis

The Strategic Investment Committee (hereafter referred to as SIC) conducts HIMCO's portfolio management process. Seven employees serve on the SIC and are registered as Investment Adviser Representatives of the firm. More information about the members of the SIC may be found in our Brochure Supplements.

In managing treasury obligations, the SIC is interested in macro-economic, top-down analysis. The majority of HIMCO's research is conducted internally. The research is designed to identify the long-term trends in real growth and inflation. Substantial academic research indicates that inflation is the key determinant of long-term treasury bond yields. All members of the SIC are involved in the research process. As a result of this effort, we monitor research coming out of major educational institutions, as well as private and public think tanks. We augment the internal research by purchasing research and data from external suppliers.

Investment Strategy

Our investment strategy is twofold. During periods of a rising inflationary environment, portfolios are invested in short-duration treasuries or cash equivalents to avoid the principal loss associated with falling treasury bond prices that would result from any increase in yields. Alternatively, during episodes of a falling inflationary environment, portfolios are invested in longer-duration treasury securities in order to capture the capital gains that are associated with rising bond prices that would result from any decrease in yields.

Risk of Loss

U.S. Treasury securities, used to finance the federal government debt, are considered to have the bond market's lowest risk because they are guaranteed by the U.S. government's "full faith and credit". Full faith and credit means that the U.S. government is committed to pay interest and principal back to the investor at maturity. However, if interest rates move adversely to HIMCO's position, there is a risk of loss of principal if treasury securities are sold below the purchase price. Clients should understand that in that circumstance there would be a loss of principal that the client should be prepared to bear. There can be no assurance that we will be able to predict interest rate movements and, therefore, price movements.

Investing in treasuries, as with any security, involves the risk of loss and clients should be prepared to bear potential losses.

Some of the other general risks investors face when investing in treasuries are the following:

- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also known as exchange rate risk. This risk applies to our non-U.S. clients.
- **Interest Rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds rise, causing their value to decline.
- **Inflation Risk:** When inflation is present, a dollar today will not buy as much as a dollar next year because purchasing power is eroding at the rate of inflation.
- **Market Risk:** The price of a U.S. Treasury may drop in reaction to tangible and intangible events or conditions. For example, political and/or economic conditions may trigger market events, as well as social conditions. Recently, there has been increased volatility in the U.S. fixed income market due to the financial crisis of the U.S. and other world economies. It is uncertain how long these conditions will exist.
- **Reinvestment Risk:** Primarily related to fixed income securities, this is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate).

Item 9. Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of our firm or its management. There have been no material legal or disciplinary events that are required to be disclosed.

Item 10. Other Financial Industry Activities & Affiliations

Neither our company nor any management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker dealer.

Neither our company nor any management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser or an associated person of the foregoing entities.

We are the sub-adviser to the Wasatch-Hoisington U.S. Treasury Fund. Wasatch Advisors, Inc. is not a related party to Hoisington Investment Management Company.

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

Code of Ethics

Pursuant to SEC rule 204A-1, we have adopted a firm Code of Ethics that sets the standards by which all of our employees must adhere. Our Code of Ethics outlines the Standards of Business Conduct regarding issues such as communications with clients, compliance with laws and regulations, confidentiality issues and conflicts of interest. Each director, officer and employee is expected to comply at all times with all the policies and procedures in our Code of Ethics and to report to the Chief Compliance Officer any suspected or observed violation of these policies and procedures. We review our Code of Ethics annually. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Interest in Client Transactions & Personal Trading

The SEC mandates that persons associated with SEC registered firms must monitor employee's activity in certain "covered securities". Covered securities include any stock, bond, future, investment contract, option, limited partnership, hedge fund, etc. U.S. Treasury securities are specifically exempted from the definition of covered securities and are not reportable. Employees are required to report trading in the above listed covered securities and trading in the Wasatch-Hoisington U.S. Treasury Fund. At any time, and from time to time, the securities and commodity positions in the personal accounts of the employees may be different from the recommendations promulgated for clients. This does not create any conflicts of interest, as the U.S. Treasury market is so deep and broad that it cannot be manipulated by individual trading.

Item 12. Brokerage Practices

The U.S. Treasury market is one of the world's most liquid debt markets. This means the market is one where the pricing, execution and settling of a trade are very efficient and inexpensive due, partly, to very tight bid/ask prices.

Under our contractual relationship, we receive discretionary authority to determine what securities should be purchased or sold and the amount to be purchased or sold for each client. We also possess discretionary authority regarding the broker-dealer to be used. The discretionary authority given to us is limited by any special restrictions placed upon the account by the client but is otherwise unrestricted.

It is HIMCO's policy to obtain best execution (i.e. prompt and reliable execution at the most favorable prices obtainable under the prevailing market conditions) in all trades. In selecting a broker-dealer, we select brokers primarily on the quality of their execution capabilities, including: overall promptness of execution, accuracy of oral, hard copy and electronic execution verification, the ability and willingness to correct errors, and research, if any, provided by the broker-dealer. Generally, trades are executed using the Tradeweb or Bloomberg electronic trading systems. Through Tradeweb and Bloomberg we are able to approach multiple broker-dealers simultaneously and trade with best execution as a priority. All bond trades are done on a net price basis with a broker-dealer. Explicit brokerage commissions are not paid. An over-the-counter market, such as the one for treasuries, means that we can only buy securities at a price being offered in the market or sell them at a price that a broker-dealer is willing to pay.

The majority of broker-dealers used are primary broker-dealers. However, occasionally, due to the large size of our treasury positions and volatile intra day market conditions, it is sometimes necessary to execute trades in a manner that is not disruptive to overall markets and, therefore, potentially harmful to clients. Under these circumstances, it is often advantageous to batch trades with a non-primary broker-dealer to shield our trading activities from publicity and market knowledge. This may result in slightly sub-optimal pricing in the short run, but in our experience it produces a better result overall for clients when taken in the context of changing large positions in the portfolio.

Occasionally, orders may be given to various broker-dealers to fill trades over an extended time frame with a controlled price range (albeit at wider spreads than a single trade). It is possible that not all accounts will receive identical prices if several broker-dealers are used simultaneously to help expedite the buying or selling of large positions, but extreme care is given to even the trading results in ensuing trades. Despite efforts to maintain exact evenness in price, it is most unlikely that all accounts will receive the same pricing. In fact, it is highly probable that some discrepancy in prices paid or received between accounts will always occur when trading large positions. If Tradeweb

or Bloomberg is not utilized, then we contact broker-dealers who we know are capable of trading securities efficiently and are capable of handling transactions with privacy.

We have adopted policies and procedures for correcting errors. The policies and procedures require that all trade errors affecting a client's account be resolved promptly and fairly. The intent of the policy is to restore a client account to the appropriate financial position considering all relevant circumstances surrounding the error.

Research and Other Soft Dollar Benefits

Presently, we do not enter into any third party or proprietary soft dollar arrangements where research is provided by a broker-dealer in exchange for an expectation of receiving a certain dollar amount of commissions.

We receive a wide range of research from broker-dealers, including studies on the economy, information on political developments, statistical information, market data, accounting and tax law interpretations, and other information regarding matters that may affect the economy and interest rates. We use this research in connection with our investment activities.

Brokerage for Client Referrals

HIMCO does not enter into agreements with, or make commitments to, any broker-dealer that would bind HIMCO to compensate that broker-dealer, directly or indirectly, for client referrals through the placement of brokerage transactions.

Directed Brokerage

As a general practice, we do not permit our clients to direct brokerage. However, some clients may prohibit use of specific brokers. Any brokerage request may have an adverse effect on HIMCO's ability to achieve best execution for such client. In addition, such requests may prevent the client from trade aggregation, which may allow more favorable execution.

Item 13: Review of Accounts

Members of the SIC review each client account monthly. Members of the SIC are the CEO, President, Executive Vice Presidents, Senior Vice President and Vice Presidents. These reviews insure that the portfolio is: (1) in compliance with laws and regulations; (2) conforming to the client's stated objectives; (3) conforming to the general strategy established by the SIC and (4) providing a return commensurate with its risk. Each review considers yield, diversification, performance, expected performance and recommendations.

Clients may request reviews at any time.

Written monthly reports are issued to clients that include: (1) a valuation; (2) a transaction schedule; (3) a schedule of realized gains or losses; (4) a fixed income summary and (5) a performance summary.

Item 14: Client Referrals and Other Compensation

Economic Benefits for Providing Services to Clients

We are not the recipient of any economic benefits, such as sales awards or other prizes, from any third parties for providing investment advice to clients.

Compensation to Individuals for Client Referrals

From time to time, we have entered into arrangements whereby we compensate individuals for client referrals. We individually negotiate such arrangements with the person engaged in referring clients. These agreements are in writing and clients are required to sign a receipt of disclosure statement regarding the compensation arrangement. Currently, there are no contracts with solicitors to solicit within the U.S. We do have one former solicitor who is still receiving compensation for an earlier client referral. We also have one contract with a person to solicit clients outside of the U.S. That arrangement allows the solicitor to seek clients that are a person, trust, firm or corporation residing outside of the United States, on terms and conditions that are acceptable to our firm, in its sole discretion. If a client were to be obtained through this solicitor, compensation would be paid based on the agreed upon terms. To date, no compensation has been paid under this arrangement.

Item 15: Custody

Under the regulations of the Securities and Exchange Commission we are deemed to have custody of client assets if the client authorizes us to deduct our advisory fees directly from the client's custodial account. The client's custodian, however, maintains actual custody of the client's assets. The client will receive account statements directly from the custodian at least quarterly. Custodial statements will be sent by email or U.S. mail to the address the client provides to the custodian. We urge clients to carefully review their custodial statements and compare them to the reports they receive from us. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities, but if clients observe

any discrepancies between our reports and their custodian's statements, they should contact us as soon as possible.

Item 16: Investment Discretion

We receive discretionary authority from each client to determine what securities should be purchased or sold, the amount to be purchased or sold and the timing of the purchase and sale.

Some clients place a limitation on the duration and type of securities within the account.

In our investment advisory agreement, the client grants us a limited power of attorney to trade in the client's account.

Item 17: Voting Client Securities

The accounts that we manage hold only U.S. Treasury securities, so there are no proxy voting issues. We will not vote proxies on money market funds.

Item 18: Financial Information

We have no financial condition that impairs our ability to meet our contractual and fiduciary commitments to clients. We have never been the subject of a bankruptcy proceeding.