

Underhill Investment Management LLC

Form ADV Part 2A Brochure

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This brochure provides information about the qualifications and business practices of Underhill Investment Management LLC (“UIM”). If you have any questions about the contents of this brochure, please contact UIM’s Chief Compliance Officer, Bonnie G. George. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.

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

Item 2 Material Changes

This updated Form ADV Part 2A contains the following material changes from the annual updating amendment filed in March 2013:

- David S. Post resigned his positions as Managing Member and Chief Compliance Officer and terminated his employment with and ownership interest in the firm as of August 30, 2013.
- Roland D. Underhill became the firm's Managing Member and majority owner as of August 30, 2013.
- Bonnie G. George became the firm's Chief Compliance Officer in August 2013.
- The firm hired Benjamin H. Miller as a Managing Director in October 2013, and he became a Member of the firm on January 1, 2014.
- The firm changed its name from "Llenroc Capital, LLC" to "Underhill Investment Management LLC" on November 1, 2013.

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Item 4 Advisory Business

Underhill Investment Management LLC is a Colorado limited liability company, located in California, that provides investment management services to separate accounts. It has been in business since 2006. Roland D. Underhill is UIM's Managing Member, Principal Managing Director, controlling owner and primary Portfolio Manager. Michael Tannenbaum is a Managing Director and Portfolio Manager, Benjamin H. Miller is a Managing Director of the firm, and Bonnie George is the firm's Chief Operating Officer and Chief Compliance Officer. Mr. Tannenbaum, Mr. Miller and Ms. George are also members of the firm. As of December 31, 2013, UIM had total discretionary assets under management of approximately \$221,721,938. UIM only manages assets on a discretionary basis.

On behalf of its clients, UIM invests principally, but not solely, in equity and equity-related securities that are traded publicly in U.S. markets, and in fixed income instruments, but it is authorized to enter into any type of investment transaction that it deems appropriate under the terms of the client's account agreement.

UIM offers a long-only equity investment strategy -- the All Cap Equity Strategy -- and a Balanced Strategy that invests in both equities and fixed income instruments, primarily corporate and government bonds. However, UIM tailors its services, and the application of the investment strategies, to the individual needs of each account. To do so, UIM:

- Manages each account based on the client's financial situation and investment objectives and in accordance with any restrictions that the client imposes on managing the account. UIM obtains this information from a client in a questionnaire, meetings or otherwise.
- At least annually, contacts each client (either in person or by telephone) to ask about any changes in the client's financial situation or investment objectives and whether the client desires to impose or modify any restrictions on managing the account.
- Notifies each client quarterly in writing to contact UIM if there are any changes in the client's financial situation or investment objectives, or if the client desires to impose or modify any restrictions on managing the account.
- Makes itself available to clients for consultation.

UIM does not participate in wrap fee programs.

A client may make additions to and withdrawals from its account at any time, subject to UIM's right to terminate an account if the amount of assets drops below the minimum account size or for other reasons.

Additions to an account may be in cash or securities, provided that UIM may decline to accept particular securities into a client's account or may liquidate the security if it is inconsistent with the investment strategy or the client's investment objectives. Clients are advised that when transferred securities are liquidated, they may be subject to transaction

fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Item 5 Fees and Compensation

Advisory Fees

UIM's compensation is negotiable and varies, but typically it charges management fees that are based on a percentage of the market value of each client's account, according to the fee schedule below, and subject to a \$10,000 minimum annual management fee. All assets in the account are included in the fee assessment unless specifically excluded in writing. The management fee is billed quarterly in arrears and prorated for accounts established or terminated at times other than the start of the quarter. The management fee is based on the market value of the assets as of the last day of the quarter. Values are derived from recognized and independent pricing sources as provided by the custodian of the client's account and other third parties. UIM uses third-party portfolio accounting software to calculate client fees. The fee schedule is as follows:

For the All Cap Equity Strategy	
Value of Account Assets	Annual Fee Rate
On the first \$5,000,000	1.00% plus
On the next \$5,000,000	0.75% plus
On the next \$5,000,000	0.625% plus
On market value over \$15,000,000	0.50%
Minimum account size	\$1,000,000
Minimum annual management fee	\$10,000

For the Balanced Strategy	Annual Fee Rate
On Account assets invested in the All Cap Equity Strategy	See fee schedule above
On Account assets invested in fixed income instruments	0.50%
On Account assets held in cash or cash equivalents	0.75%
Minimum account size	\$1,000,000
Minimum annual management fee	\$10,000

Clients customarily authorize UIM to deduct its management fees directly from their custodial accounts. This authorization is granted under the terms of the client's signed investment management agreement and the client's instructions to the custodian. Clients

may also elect to pay, or have the custodian pay, UIM's fees separately, rather than having them deducted directly from their accounts. It is the client's responsibility to verify the accuracy of the fee calculation, as the custodian will not determine whether the fee is properly calculated.

UIM does not use margin in managing a client account unless a client specifically requests it.

Mutual funds, closed-end funds and exchange traded funds incur investment advisory fees and other operating expenses, and typically pass some or all of these expenses through to their investors in the form of management fees. In addition, such funds may charge their investors other fees, such as early redemption or transaction fees. Any UIM client whose account is invested in such funds therefore pays, in addition to UIM's management fees, the expenses and advisory fees charged by those funds.

UIM believes that its fees are competitive with the fees charged by other investment advisers for comparable services. However, comparable services may be available from other sources for lower fees than those charged by UIM. UIM receives no commissions on investment products purchased or sold for client accounts.

UIM's clients may terminate their investment management agreements at any time, upon 30 day's written notice. The account's expenses and a pro-rated portion of the management fee through the termination date are charged to the account.

Each account is responsible for its own costs and expenses, including trading costs and expenses (such as brokerage commissions, sales credits/concessions to bond underwriters, and clearing and settlement charges), custodial fees, transfer taxes, wire transfer and electronic funds fees, and other fees and taxes on brokerage accounts and securities transactions. UIM bears its own operating, general, administrative and overhead costs and expenses, other than the expenses described above. All or part of these costs and expenses may be paid, however, by brokerage firms at which client accounts are custodied and that execute clients' securities trades, as discussed in Item 12 below.

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

UIM currently does not charge performance-based fees.

Item 7 Types of Clients

UIM's clients may include high net worth individuals, trusts and estates, pension plans, institutions, endowments, corporations and other business entities. UIM generally requires a minimum account size of \$1,000,000, but may waive this minimum. Related accounts for a single client or related clients may be aggregated to meet the minimum. UIM's minimum annual investment management fee is \$10,000, but it may waive this minimum.

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

Methods of Analysis

Depending upon the type of investment, UIM may use a combination of fundamental, technical and cyclical analysis. Fundamental analysis involves analyzing quantitative and qualitative data, including macroeconomic, sector and company-specific financial and business information, to attempt to determine a security's intrinsic value. Technical analysis involves analyzing statistics related to market activity, such as past prices and trading volumes of particular securities, to identify patterns that may predict securities' future trading levels and prices. Cyclical analysis seeks to identify and analyze patterns in the overall economy and their effects on particular industries and sectors that are sensitive to business and economic cycles (such as automobiles and housing). In performing these analyses, UIM consults third-party research materials, company annual reports and other regulatory filings, financial newspapers, and periodicals, and conducts conversations with consultants, industry experts, company management, customers, suppliers and competitors.

Investment Strategies

UIM invests principally in stocks of large, mid-sized and small cap companies. From time to time it may also invest in other types of securities, including mutual funds, exchange-traded funds (ETFs) and certificates of deposit, money market funds and other cash equivalents. For its Balanced Strategy, it also invests in municipal and corporate debt and may invest in government securities.

UIM offers two main investment strategies, as follows:

All Cap Equity Strategy – For this strategy, UIM seeks to identify, through in-depth research, a limited number of companies that have the potential for growth. Its goal is to construct concentrated portfolios of high quality stocks purchased at a discount to their intrinsic value, which creates the potential for greater price appreciation than that experienced by the overall market. Accounts managed using this strategy typically hold long positions in a limited number (approximately 15-20) of carefully selected stocks of closely followed companies. UIM uses pricing discipline aimed at ensuring that it does not overpay for securities of quality companies; thus it is a Growth at a Reasonable Price (GARP) manager. The firm's buy and hold philosophy leads to relatively low turnover and a focus on picking a few quality securities rather than timing the market.

UIM has two portfolio managers -- Roland D. Underhill and Michael Tannenbaum -- and each All Cap Equity client account is managed primarily by one of them. Although the two portfolio managers coordinate their research and analysis on companies and stocks and often select the same investments for the accounts that they manage, they have the discretion to select different securities and to select different weightings of certain securities, and frequently do so. Accordingly, client accounts within the All Cap Equity Strategy frequently have somewhat different portfolios, depending on which portfolio manager has chief responsibility for managing them, and accordingly should be expected to have different performance over time. The All Cap Equity Strategy as implemented by Mr. Underhill is

designated as “All Cap Equity - Underhill”, while the All Cap Equity Strategy as implemented by Mr. Tannenbaum is designated as “All Cap Equity - Tannenbaum.” Clients who elect the All Cap Equity Strategy select one of the two portfolio managers at the time they enter into an advisory agreement with the firm.

All Cap Equity accounts may be customized for each client to reflect their individual circumstances such as tax considerations, desire not to hold certain stocks or desire to hold more or less cash.

Balanced Strategy - This strategy includes both long positions in equity securities selected according to the All Cap Equity Strategy, and fixed income securities consisting principally of corporate and government bonds. This strategy is designed for clients who desire less exposure to the equity markets. Currently, only Mr. Underhill manages Balanced Strategy client accounts, but in the future Mr. Tannenbaum may also manage accounts using the Balanced Strategy. Fixed income instruments are selected based on an analysis of potential changes in interest rates and inflation, credit risk, and overall market outlook, among other factors. Assets of accounts managed using the Balanced Strategy are allocated between equities and fixed income instruments based on an evaluation of the relative risks and opportunities for profit between those asset classes, with the goal of achieving positive returns while maintaining more limited exposure to the equity markets.

Accounts managed using the Balanced Strategy may be customized for each client to reflect their individual circumstances such as tax considerations, desire not to hold certain stocks, desire to hold more fixed-income instruments, or desire to hold more or less cash.

A portion of the assets of client accounts managed using either the All Cap Equity Strategy or the Balanced Strategy may at times be held in cash and cash equivalents, depending on the portfolio manager’s view of whether more attractive investment opportunities exist, expected timing of investment opportunities, and the clients’ desire to maintain cash holdings.

The investment methods and strategies summarized above represent UIM’s current intentions, are general in nature and are not exhaustive. Except for any restrictions that may be specified in writing by particular clients, there are no limits on the types of securities in which UIM may take positions on behalf of its clients, the types of positions that it may take, or the concentration of its investments. UIM may use any trading or investment techniques, whether or not contemplated by the expected investment strategies described above. In addition, there are limitations in describing any investment strategy due to its complexity, confidentiality and indefinite nature. Depending on conditions and trends in securities and commodities markets and the economy generally, UIM may pursue any objectives or use any techniques that it considers appropriate and in clients’ interest.

Investment Risks

Investing in securities involves risk of loss that clients should be prepared to bear. Below are some of the risks that investors should consider before investing in any account that UIM manages. Any or all of such risks could materially and adversely affect investment performance, the value of any account or any security held in an account, and could cause

investors to lose substantial amounts of money. Below is only a brief summary of some of the risks that a client may encounter. A potential client should discuss with UIM's representatives any questions that such person may have before opening an account.

- Client accounts may not achieve their investment objectives. A strategy may not be successful and investors may lose some or all of their investment.
- UIM and its agents generally are not responsible to any client for losses incurred in an account unless the conduct resulting in such loss breached UIM's fiduciary duty to the client.
- UIM's client portfolios are typically concentrated in 15-20 securities and therefore are generally diversified across about that number of industries. Because of this concentration, a loss in any one position, industry or sector in which an account is invested may cause significant losses.
- Although the All Cap Equity Strategy reflects a single overall long-only investment approach and method, each All Cap Equity client account is managed primarily by a single portfolio manager, and the portfolio managers have the discretion to select different securities for their client accounts. Accordingly, All Cap Equity - Underhill client accounts may have different portfolios and better or worse performance in any period than All Cap Equity - Tannenbaum client accounts.
- UIM may invest in securities of companies with small market capitalizations, although it generally avoids small-cap companies without substantial operating histories. Securities issued by small-cap companies may pose greater risks than securities of larger, more established companies, including less liquidity and greater volatility.
- Investor sentiment on the market, an industry or an individual stock, fixed income or other security is not predictable and can adversely affect an account's investments.
- A client account may hold stocks that disappoint earnings expectations and decline.
- UIM may not be able to obtain complete or accurate information about an investment and may misinterpret the information that it does receive. UIM also may receive material, non-public information about an issuer that prevents it from trading securities of that issuer for a client when the client could make a profit or avoid losses.
- A client account may have higher portfolio turnover and transaction costs than a similar account managed by another investment adviser. These costs reduce investments and potential profit or increase loss.
- On rare occasions, UIM may engage in hedging, which may reduce profits, increase expenses and cause losses. Price movement in a hedging instrument and the security hedged do not always correlate, resulting in losses on both the hedged security and

the hedging instrument. UIM is not obligated to hedge a client's portfolio positions, and it generally does not do so.

- At a client's request, UIM may occasionally use leverage by borrowing on margin, which increases volatility and risk of loss.
- Counterparties such as brokers, dealers, and custodians with which UIM does business on behalf of clients may default on their obligations. For example, a client may lose its assets on deposit with a broker if the broker, its clearing broker or an exchange clearing house becomes bankrupt.
- UIM may infrequently invest in securities of non-U.S. issuers. The risks of these investments include political risks; economic conditions of the country in which the issuer is located; limitations on foreign investment in any such country; currency exchange risks; withholding taxes; limited information about the issuer; limited liquidity; and limited regulatory oversight.
- Changes in economic conditions can adversely affect investment performance. At times, economic conditions in the U.S. and elsewhere have deteriorated significantly, resulting in volatile securities markets and large investment losses. Government actions responding to these conditions could lead to inflation and other negative consequences to investors.
- The price of bonds depends in part on current interest rates. Rising interest rates decrease the current price of bonds because current purchasers require a competitive yield. Correspondingly, decreasing interest rates increase the current value of bonds with associated decrease in bond yield. Changes in interest rates may affect investment performance.
- UIM may acquire for a client a large position in an issuer's securities but UIM and the client are unlikely to have any control over the issuer's management.
- Some of an account's positions may be or may become illiquid, in which case UIM may not be able to sell such positions at advantageous prices or at desirable times.
- Although UIM relies on independent third-party pricing sources when they are available to determine the value of securities held in client accounts, UIM has ultimate authority over such valuations, including for securities where a public market does not exist. If the valuation is inaccurate, it might receive more compensation than that to which it is entitled.
- If the assets that UIM manage grow too large, it may adversely affect performance, because it is more difficult for UIM to find attractive investments as the amount of assets that it must invest increases.
- The attorneys who represent UIM do not represent its clients. Clients must hire their own counsel for legal advice and representation.

- UIM or any government agency may freeze assets that any of them believes a client holds in violation of anti-money laundering laws or rules or on behalf of a suspected terrorist, and may transfer such assets to a government agency. UIM will not be liable for losses related to actions taken in an effort to comply with anti-money laundering regulations.
- Federal, state and international governments may increase regulation of investment advisers, which may increase the time and resources that UIM must devote to regulatory compliance, to the detriment of investment activities.
- UIM's investment activities could have adverse tax consequences for clients.
- UIM's investment activities may cause an account that is subject to the Employee Retirement Income Security Act of 1974 to engage in a prohibited transaction under that Act.
- UIM and its principals may spend time on activities that compete with UIM's business without accountability to UIM's clients, including investing for other clients and their own accounts. If UIM receives better compensation and other benefits from managing other assets compared to managing a client's account, it has incentive to allocate more time to those other activities. These factors could influence UIM not to make investments on a client's behalf even if such investments would benefit the client.
- UIM may provide certain clients more frequent or detailed reports and special compensation arrangements that it does not provide to other clients.

The above is only a brief summary of some of the important risks that a client may encounter.

Item 9 Disciplinary Information

UIM has no reportable disciplinary information and consequently is not subject to any disciplinary disclosures.

Item 10 Other Financial Industry Activities and Affiliations

UIM has no reportable other financial industry activities or affiliations. It is not affiliated with any other financial institution, issuer, or brokerage firm, including those at which its clients' assets are custodied.

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

UIM has adopted a Code of Ethics in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, that establishes standards of conduct for UIM's supervised persons. The Code of Ethics includes general requirements that UIM's supervised persons comply with their fiduciary obligations to clients and applicable securities laws, and specific

requirements relating to, among other things, personal trading, insider trading, conflicts of interest and confidentiality of client information. It requires supervised persons to comply with the personal trading restrictions described below and periodically to report their personal securities transactions and holdings to UIM's Compliance Officer, and requires the Compliance Officer to review those reports. It also requires supervised persons to report any violations of the Code of Ethics promptly to the Compliance Officer. Each supervised person of UIM receives a copy of the Code of Ethics and any amendments to it and must acknowledge in writing having received those materials. Annually, each supervised person must certify that he or she complied with the Code of Ethics during the preceding year. Clients and prospective clients may obtain a copy of UIM's Code of Ethics by contacting Bonnie George, the firm's Chief Compliance Officer.

Under UIM's Code of Ethics, UIM and its officers, members and employees may personally invest in the same securities that are purchased for client accounts and may own securities that are subsequently purchased for client accounts. This practice creates a conflict of interest in that such persons can use their knowledge about actual or proposed securities transactions for client accounts to profit personally from the market effects of such transactions. To address this conflict, except in the case of aggregated transactions as described in Item 12 below, a security may not be purchased or sold for client accounts and UIM personnel on the same day. Nevertheless, even if executed on different days, personal transactions might be executed at more favorable prices that were obtained for clients.

UIM and its officers, members and employees must obtain pre-approval before engaging in most securities transactions.

UIM and its officers, members and employees may buy or sell specific securities for their personal accounts based on personal investment considerations, which UIM does not believe are appropriate to buy or sell for clients based on company or industry fundamentals.

Because UIM manages more than one account, there may be conflicts of interest over its time devoted to managing any one account and allocating investment opportunities among all accounts that it manages. For example, UIM selects investments for each client based solely on investment considerations for that client and the strategy that client has selected. Different clients have differing investment strategies and may have different expected levels of trading. As a result, UIM may buy or sell a security for one type of client but not for another, or may buy (or sell) a security for one type of client while simultaneously selling (or buying) the same security for another type of client. Even within the All Cap Equity Strategy, each of the two portfolio managers has primary responsibility for certain client accounts, and they have the discretion to manage their client accounts differently. This may result in UIM buying or selling a security for one client account but not for another client account that is managed using the same strategy, or buying and selling the same securities for all client accounts within a single strategy but at different times and in different weightings. UIM's policy, however, is not to buy a security for one client while selling it for another client. UIM attempts to resolve conflicts of interest that are created by these differing actions in a manner that is generally fair to all of its clients. UIM may give advice to, and take action on behalf of, any of its clients that differs from the advice that it gives or the timing or nature of action that it takes on behalf of any other client so long as it is UIM's policy, to the

extent practicable, to allocate investment opportunities to its clients fairly and equitably over time. UIM is not obligated to acquire for any account any security that UIM or its officers, members or employees may acquire for its or their own accounts or for any other client, if in UIM's absolute discretion, it is not practical or desirable to acquire a position in such security for that account.

Item 12 Brokerage Practices

Recommendation of Custodian; Brokerage and Custodial Services; Trade Execution

UIM recommends that its clients custody their accounts with certain independent brokerage firms that are not affiliated with UIM. These brokers offer custody and trading platforms for brokerage execution services. UIM may refuse to accept clients who desire that their accounts be held by other brokers. Securities transactions for a client's account are generally executed through the brokerage firm at which the account is custodied.

In selecting these brokers, UIM may consider a number of factors, including, for example,

- quality of execution and special execution capabilities;
- commission rates;
- willingness to execute related or unrelated difficult transactions in the future;
- block trading and block positioning capabilities;
- efficiency of execution and error resolution;
- level of custodial fees and interest charges and credits on debit and credit balances;
- clearance, settlement and reputation; and
- financial strength and stability.

Some of these brokers provide additional products and services to UIM through their transaction processing and record keeping "platforms". These products and services may benefit UIM but may not directly benefit its clients. Such platform services may include, among others, research, record keeping services, access to computerized client account data, portfolio reporting services, and technology services (such as internet access, quotation services, IT support, access to ECNs, and wireless networking).

Brokerage firms may also provide UIM with other services that help manage and further develop its business. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. Brokers may discount or waive fees they otherwise would charge for some of these services or pay all or a part of the fees of a third-party providing these services to UIM.

Section 28(e) of the Securities Exchange Act of 1934 provides a "safe harbor" to investment advisers who use commission dollars ("soft dollars") of their advised accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to the adviser in performing investment decision-making responsibilities. Conduct outside of

the safe harbor of section 28(e) is subject to the traditional standards of fiduciary duty under state and federal law. UIM uses a substantial portion of the products and services it receives from brokers for research and trading on behalf of its clients, but may use some for administrative purposes. If such products and services were deemed to be obtained through “soft dollars,” they would not be within the safe harbor of section 28(e). Although many custodians provide similar services to investment advisers in exchange for brokerage, custody and clearance fees and other charges, if UIM did not receive these services from them, it would be required to pay for all or some portion of them. UIM is not required to continue to recommend these firms as clients’ custodians, but it has an incentive to do so based on their prior and continued services.

UIM’s clients may pay commissions and mark-ups that exceed those that another broker might charge for effecting the same transaction because of the value of the brokerage, research, and other services that such broker provides to UIM. Where UIM has recommended the custodial broker, UIM determines in good faith that such compensation is reasonable in relation to the value of such brokerage, research and other services, in terms of either the specific transaction or UIM’s overall fiduciary duty to its clients. An account may, however, pay higher commissions and mark-ups than are otherwise available or may pay more commissions or mark-ups based on account trading activity. The research and other benefits resulting from UIM’s relationships with certain brokerage firms benefit its operations as a whole and all accounts that it manages, including those that are not custodied at the brokerage firms that provide such services.

UIM’s relationships with brokers that provide research, brokerage and other services may influence its judgment and create conflicts of interest in recommending that clients custody their accounts with brokerage firms that provide such services rather than with firms that do not. UIM has an incentive to select or recommend a custodian based on its interest in receiving certain services rather than clients’ interest in receiving the most favorable execution. These conflicts of interest are particularly influential to the extent that UIM receives services from custodians that it would otherwise be required to pay for itself.

UIM addresses these conflicts of interest by annually evaluating the trade execution services that its clients receive from the brokers that it uses to execute trades for clients. Such evaluation includes comparing those services to the services available from other brokers. UIM considers, among other things, alternative market makers and market centers, commission rates, and the quality of execution services.

Certain Rights of Custodians

A client’s obligations to the custodian of its account will be secured by way of a first priority perfected security interest over all of the client’s assets held in custody by the custodian. The custodian and its affiliates may transfer to themselves all rights, title and interest in and to those assets as collateral and may deal with, lend, dispose of, pledge or otherwise use all such collateral for their own purposes. If any such transfer occurs, the client will rank as such custodian’s (or affiliate’s) unsecured creditor. If such custodian or affiliate becomes insolvent, the client may not be able to recover such equivalent securities in full. In addition, the client’s cash held by a custodian may not be segregated from such custodian’s own cash

and, if not so segregated, may be used by such custodian or affiliate in the course of its business and the client will therefore rank as an unsecured creditor in relation thereto.

If any of the client's investments are registered in the name of a custodian or affiliate due to the nature of the law or market practice of a particular jurisdiction, such investments will not be segregated from the custodian's or affiliate's own investments and if such custodian or affiliate becomes insolvent, the client may not be able to recover such equivalent investments in full.

Directed Brokerage

Clients may direct UIM to use a specific broker (directed brokerage). In these cases, UIM has not negotiated the terms and conditions (including, among others, commission rates) relating to the services provided by that broker, and UIM is not responsible for obtaining from any such broker the best prices or commission rates. Accordingly, the client may pay higher commission costs, higher security prices and higher transaction costs than it would have had it not directed UIM to trade through that broker. The client may not be able to participate in aggregated securities transactions and may trade after such aggregate transactions and receive less favorable pricing and execution. Furthermore, a client that directs UIM to use a particular broker may not be able to participate in the allocation of a security of limited availability (such as an IPO) for various reasons, including if those new issue shares are provided by another broker. Accordingly, clients that direct the brokerage of their accounts may not experience returns equal to clients that do not direct brokerage.

Aggregation of Trades

UIM may aggregate securities sale and purchase orders for a client with similar orders being made contemporaneously for other client accounts, and/or with accounts of UIM and its associated persons. When orders are aggregated, the price paid by each account is the average price of the order. Transaction costs are allocated to each client by the client's custodian according to the client's custodial agreement. As a result of aggregating trades, the price for any client may be less favorable to that client than it would have been if UIM had not executed similar transactions concurrently for other accounts. UIM's policy, however, is not to allocate aggregated trades in any manner that favors one group of clients over another over time. Aggregated trades placed with different executing brokers may be priced differently. UIM may also cause a client to buy or sell securities directly from or to another client, if it believes that such a cross-transaction is in the interests of both clients.

Item 13 Review of Accounts

All Cap Equity Accounts are managed continuously by Roland D. Underhill, Principal Managing Director and Portfolio Manager, or by Michael Tannenbaum, Managing Director and Portfolio Manager, under the supervision of Mr. Underhill. Balanced Accounts are managed continuously by Mr. Underhill. If in the future Mr. Tannenbaum manages Balanced Accounts, Mr. Underhill will supervise those accounts.

All client accounts are subject to formal reviews at least quarterly by Mr. Underhill or Mr. Tannenbaum. These reviews take into account such matters as changes to client goals and

objectives; prospects of individual holdings in the portfolio; changes in individual issuers' condition or earnings; cash management; industry outlook; market outlook; price levels; and portfolio rebalancing.

Additional account reviews may be triggered by a specific client request, a change in client goals and objectives, an imbalance in a portfolio's asset allocation, tax law changes or current market/economic conditions. UIM consults with each client at least annually to review the client's account and update the client's financial condition and investment goals and guidelines as necessary.

UIM provides quarterly reports and letters to each client, which summarize the specific investments currently held and the value of the client's portfolio. Clients also receive monthly statements from the custodian of their accounts, showing all securities holdings, contributions, withdrawals and other activities in their accounts.

Item 14 Client Referrals and Other Compensation

UIM does not pay referral fees to any third party firms or individuals for recommending the firm to prospective clients. UIM and its employees are not paid referral fees by any third parties for referring clients to such third parties. UIM does not direct brokerage transactions to any broker-dealer in exchange for client referrals.

Item 15 Custody

UIM does not maintain physical custody of client funds or securities. Clients are required to set up their investment accounts with a "qualified custodian," namely a broker dealer, bank or trust company. Each client has a direct relationship with its custodian and may make deposits to and withdrawals from its account. UIM is generally authorized by the client to receive payment of its management fees directly from the client's account.

The custodian of each client account sends account statements directly to each client (or to an independent third party representative designated by the client) at least monthly, showing all funds and securities held, their current value and all transactions executed in the client's account, including the payment to UIM of its investment management fees. Each client should carefully review those statements and compare them with the account statements that such client receives from UIM.

Item 16 Investment Discretion

UIM has discretionary authority to manage investment accounts on behalf of clients pursuant to a grant of authority in each client's account agreement. Such discretion is limited by the requirement that clients advise UIM of:

- the investment objectives of the account;
- any changes or modifications to those objectives; and
- any specific investment restrictions relating to the account.

A client must promptly notify UIM in writing if the client considers any investments recommended or made for its account to violate such objectives or restrictions. A client may at any time direct UIM to sell any securities or take such other lawful actions as the client may specify to cause the account to comply with the client's investment objectives. In addition, a client may notify UIM at any time not to invest the client's account in specific securities or specific categories of securities.

Item 17 Voting Client Securities

UIM's investment management agreements provide that UIM is not responsible for voting proxies of securities held in client accounts. The investment management agreements state that clients should instruct their custodians to forward all proxy materials to the clients. UIM forwards to the client any proxy materials that it receives with respect to that client's account. Any client may obtain a copy of UIM's proxy voting policy by contacting Bonnie George, Chief Compliance Officer.

Item 18 Financial Information

UIM does not require or solicit prepayment of its management fees from clients six or more months in advance. There are no adverse conditions related to the firm's finances that are likely to impair its ability to meet its contractual commitments to its clients. The firm has not been the subject of a bankruptcy filing in the last ten years.

Privacy Policy

UIM:

- collects non-public personal information about its clients from the following sources:
 - information received from clients on applications or other forms, and
 - information about clients' transactions with UIM or others;
- does not disclose any non-public personal information about its clients or former clients to anyone, except as permitted by law;
- restricts access to non-public personal information about its clients to its employees who need to know that information to provide services to clients; and
- maintains physical, electronic and procedural safeguards that comply with federal standards to guard clients' and investors' personal information.