



Part 2A of Form ADV Disclosure Brochure

February 15, 2015

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This disclosure brochure provides information about the qualifications and business practices of Hood River Capital Management LLC (“Hood River”). Hood River is a registered investment adviser pursuant to the Investment Advisers Act of 1940. Registration of an investment adviser does not imply any level of skill or training.

The information provided in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority. If you have any questions about the contents of this brochure, please contact Hood River’s Compliance Department by calling (877) 725-4432.

Additional information about Hood River is available on the SEC’s website at www.adviserinfo.sec.gov. The SEC’s website also provides information about persons affiliated with Hood River who are registered as Investment Adviser Representatives.

Item 2 – Material Changes

Pursuant to new SEC rules, this item will discuss only specific material changes made to the brochure, provide a summary of those changes, and reference the date of the last annual update. Hood River may further provide other changes or new information to its disclosure brochure as necessary.

Hood River's total discretionary assets under management changed from \$698,715,502 on December 31, 2013 to \$811,181,429 on December 31, 2014.

On January 20, 2015, Hood River acquired a 50% common interest ownership in Roxbury Capital Management, LLC "Roxbury". Prior to the consummation of this transaction, Roxbury owned a minority interest in Hood River. The membership interests owned by Roxbury expired and as a result of this transaction the three principals of Hood River; Brian Smoluch, David Swank and Robert Marvin, will equally own 100% of Hood River's equity. Therefore effective January 20, 2015 Hood River owns 100% of Hood River's economics and a 50% common interest in Roxbury.

As reported in Part 1 of Form ADV Hood River's total discretionary assets under management as of January 30, 2015 are \$771,347,808.

Hood River last updated its Part 2A of Form ADV on March 31, 2014.

Hood River provides a copy of its disclosure brochure to its clients annually and to prospective clients upon request, free of charge. Hood River's brochure is also available, free of charge, by contacting its Compliance Department at (877) 725-4432.

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Item 4 – Advisory Business

Description of Advisory Business

Hood River is a limited liability company founded in 2013. The Firm is headquartered in Portland, Oregon. Hood River is registered with the Securities and Exchange Commission as a registered investment advisor.

Brian Smoluch, David Swank and Robert Marvin own 100% of the common membership points of Hood River Capital Management LLC. Hood River has entered into an agreement with Roxbury Capital Management, LLC (“Roxbury”) through which Roxbury provides various administrative, operational, and business services including trading, marketing, client services, compliance, information technology, accounting and proxy coordinating services. Hood River owns a common interest in Roxbury.

Advisory Services Offered

Hood River provides investment advisory services to a variety of separately managed client accounts generally on a discretionary basis. Hood River also provides investment advisory services to The Roxbury Funds’ Roxbury/Hood River Small-Cap Growth mutual fund and sub-advisory services to other instructional accounts that are contracted with Roxbury. Hood River manages Small-Cap Growth equity portfolios.

Discretionary Services

A client, upon engaging Hood River as its discretionary investment manager, must select Hood River’s Small-Cap Growth investment strategy for the client’s portfolio. Hood River tailors its advisory services to the specific investment objectives and restrictions of each client account and may agree with a client upon specific investment policies or guidelines. Clients may impose restrictions on their account by discussing desired investment limitations with Hood River and providing a list of such limitations in writing. Hood River manages its clients’ accounts in accordance with the stated investment objectives, financial situation, risk tolerance, account restrictions, and account guidelines identified in each client’s signed investment advisory agreement.

In addition, Hood River may manage taxable portfolios differently from tax-exempt portfolios that have selected the same management style unless directed otherwise by the client. Hood River does not typically accept an account that has check writing privileges or margin accounts. However, Hood River may determine to accept such accounts in its sole discretion.

Non-Discretionary Services

Under limited circumstances, Hood River may agree to advise clients on a non-discretionary basis. The services that Hood River provides to non-discretionary accounts and the fee charged for such services are individually negotiated with each client.

Pooled Investment Vehicles

In addition, Hood River may act as advisor or sub-advisor to pooled investment vehicles, limited partnerships, or limited liability companies managed by affiliated and/or unaffiliated third parties.

Assets Under Management

As of January 30, 2015, Hood River had approximately \$771,347,808 in discretionary assets under management and \$0 in non-discretionary assets under management for a total of \$771,347,808 in total assets.

Item 5 – Fees and Compensation

Fee Schedule

The following information addresses the fee structure of the various strategies Hood River manages. The annual fee schedule for the Small-Cap Growth strategy is:

<u>Market Value of Assets in Account:</u>	<u>Annual Fee:</u>
First \$50million	1.00%
Next \$50 million	0.90%
Over \$100 million	0.80%

Special circumstances may cause fees to vary from the above schedule. Hood River may group multiple accounts of one client relationship together for purposes of calculating the fee. Hood River reserves the right to negotiate fees with clients. Hood River may charge higher or lower fees than those described above. Hood River may manage the accounts of its employees and their family members at lower fees or at no charge. In addition, Hood River may occasionally provide its services on a pro bono basis for charitable or other reasons.

Billing Method

The specific manner in which Hood River charges its fees is defined in each client's written investment advisory agreement. Hood River will generally bill its fees on a quarterly basis. Fees may be billed in advance or arrears each calendar quarter end, or month end, depending on the client's fee agreement. Additionally, clients may elect to direct their account custodian to pay Hood River's fees directly from client accounts. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any pre-paid, unearned fees will be promptly returned and any earned, unpaid fees will be due and payable.

Client accounts are generally terminated upon a 30-day written notice and a pro rata refund will be given, but Hood River may terminate an account in less than 30 days upon a client's request. Generally, Hood River may terminate the accounts of clients who open a margin account or an account that has check writing privileges because of the reconciliation, available cash and performance measurement difficulties such accounts create. Hood River will give such clients a 30-day prior written notice of its intent to terminate the account. However, Hood River has permitted and may permit clients to have a margin or check writing account in its sole discretion. If a client that has been referred to Hood River by a broker moves his or her account to a different broker or custodian, Hood River may terminate its agreement with the client.

Other Fees and Compensation

Hood River serves as investment adviser to The Roxbury Funds' Roxbury/Hood River Small Cap Growth Fund.

As the investment adviser to the Roxbury/Hood River Small Cap Growth Fund, Hood River receives an annual fee from the Small Cap Growth Fund based on the percentage of average daily net assets of 1.00% of the Fund's first billion of assets; 0.95% of the Fund's next billion of assets; and 0.90% of the Fund's assets in excess of \$2 billion. Hood River has contractually agreed to waive a portion of its advisory fee and reimburse certain expenses to limit the total annual fund operating expenses, excluding taxes, extraordinary expenses, brokerage commission, interest and acquired fund fees and expense to 1.25% of average daily net assets. The waivers and reimbursements will remain in effect through December 31,

2020 unless terminated sooner by mutual agreement of the Board of Trustees and Hood River.

Under certain circumstances, Hood River may offer its services for a fee based on Hood River's performance in managing the client's account in accordance with Rule 205-3 of the Investment Advisers Act of 1940. A performance-based fee arrangement may create an incentive for Hood River to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee. Under a performance-based fee arrangement, Hood River may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client's account.

Multiple Fees

Hood River does not generally invest in mutual funds for its client's separate accounts. However, if a client's portfolio holds mutual funds or money market funds, the client will be paying two fees for the management of these assets, one to Hood River and one to the money market or mutual fund manager.

Clients may incur certain charges, fees or commissions imposed by their custodians, brokers and other third parties, including but not limited to custody fees, brokerage commissions, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Any such charges, fees or commissions are exclusive of, and in addition to, Hood River's fees, (Hood River does not receive any portion of such charges, fees or commissions). Please refer to Item 12 – Brokerage Practices for a discussion of Hood River's brokerage practices.

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

In some cases, Hood River may enter into performance-based fee arrangements with qualified clients. Hood River will structure any performance or incentive fee arrangement (fees based on a share of capital gains on or capital appreciation of the assets of a client) subject to Section 205(a)(1) of the Investment Advisers Act of 1940 and in accordance with the available exemptions there under, including the exemption set forth in Rule 205-3. Hood River may provide concurrent advisory services to clients that are not charged a performance-based fee and clients that are charged a performance-based fee. As a result, the potential for Hood River to receive greater fees from performance-based fee accounts may create a conflict of interest with respect to the allocation of investment opportunities as Hood River may have an incentive to direct the best investment ideas to, or allocate investments in favor of, accounts that pay performance-based fees. To mitigate potential conflicts of interest, investments are allocated to client accounts in accordance with Hood River's investment allocation policies and procedures. These policies take into account multiple criteria for determining allocation including: specific investment objectives of each client account, the size and capital required for investment and the liquidity needs of each client account, diversification needs, the size of the investment opportunity, current and anticipated market conditions, and the specific investment restrictions or guidelines applicable to each client account. In the event investment opportunities are suitable for more than one client account, Hood River will allocate such investment opportunities in a manner that it believes is fair and equitable to each client account, taking into account the relevant facts and circumstances.

Initial Public Offerings

Hood River may, from time to time, be invited by the underwriter or a selling group member to participate in an initial public offering ("IPO"). Generally, Hood River is allocated only a small portion of the total IPO. It is Hood River's policy to allocate IPOs only to those accounts that Hood River considers suitable and in accordance with the account's investment objectives, risk tolerance, and applicable FINRA rules. Hood River will allocate IPO shares on a pro rata basis unless the allocation would be too small. In that

event, Hood River will follow a rotation policy to allocate IPOs. The allocation of those IPOs will be performed in an equitable manner as not to give one client preference over another.

In addition, if a client portfolio is held at a brokerage firm that is not a selling group member for an IPO or secondary offering; the client portfolio will not be able to participate in the purchase of securities in the offering. If the brokerage firm where the client's portfolio is held is a selling group member and an IPO or secondary offering is suitable for the client's portfolio, the client may not be able to participate in the offering unless the client's individual broker is able and willing to allocate shares in the IPO to the client's portfolio.

Item 7 – Types of Clients

Hood River provides investment advisory services to a variety of clients including pension and profit sharing plans, trusts, estates, charitable organizations, public funds, corporations, endowments, foundations, Taft Hartley plans and high net worth individuals. Hood River also acts as investment adviser to The Roxbury Funds' Roxbury/Hood River Small-Cap Growth mutual fund. The Roxbury Funds are open-end investment management companies registered under the Investment Company Act of 1940. Hood River may also act as sub-adviser to other affiliated and/or unaffiliated open-end investment management companies.

The minimum account size is \$5,000,000 for all strategies. However, the minimum account size may be waived at the discretion of an authorized officer of Hood River. Hood River retains the right to refuse to accept any account for any reason.

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

Hood River uses primarily fundamental methods of security analysis. The main sources of information Hood River uses include inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, company press releases, direct interviews with management and financial newspapers and magazines as well as proprietary financial models.

The investment strategies used to implement any investment advice given to clients include long-term purchases (securities held at least one year) and short-term purchases (securities sold within one year).

Hood River does not recommend clients open margin accounts because of the increased risk and volatility these accounts unavoidably involve and the difficulties they present for account investment management. Generally, Hood River will not accept a client account that is on margin. (See the reply to item #4 above). However, Hood River may utilize margin in the management of any private investment company whose assets it may manage.

THE FOLLOWING INFORMATION DESCRIBES THE INVESTMENT STRATEGY AND METHODS OF ANALYSIS UTILIZED BY HOOD RIVER IN MANAGING CLIENT ACCOUNTS.

SMALL-CAP GROWTH PORTFOLIO:

The Investment Process and Approach

Hood River's Small-Cap Growth strategy seeks long-term capital appreciation by investing in stocks with market capitalizations below \$3 billion exhibiting strong growth characteristics and attractive pricing

relative to underlying profitability. The Small-Cap Growth strategy typically consists of 70 to 120 stock positions limited to a maximum of 5% of the portfolio and section concentrations are generally no more than 15% different from the weightings in the Russell 2000® Growth Index.

The research process begins by screening a universe of stocks with future expected earnings growth of greater than 15%. Hood River's experienced management team then performs fundamental analysis to identify companies with growing revenues, stable or expanding margins, low debt levels, solid cash flows, and high or potentially high returns on capital.

Additional research is applied to the most promising purchase candidates to uncover those companies with dominant competitive positions, positive business and market trends, and solid management teams that are committed to enhancing shareholder value.

As an additional check, a valuation analysis is performed to determine how the stock is priced relative to its industry, historical range and the overall market.

A company becomes a purchase candidate only if the portfolio managers are convinced there is a catalyst in place to provide at least 15% stock price appreciation over the next 12 months.

Stocks are sold for overvaluation, when the fundamentals weaken, if a more attractive investment idea is identified, and/or if poor relative price performance persists.

Hood River's Small-Cap Growth strategy is best suited for individuals, endowments/foundations, institutions and/or retirement plans with a long-term horizon able to tolerate the greater volatility inherent with this segment of the market.

Risk of Loss

General Risks

All investments involve the risk of loss, including but not limited to, the loss of principal, a reduction in earnings (including interest, dividends and other distributions) and the loss of future earnings. Additional risks include market risk, interest rate risk, issuer risk and general economic risk. Although Hood River manages assets in a manner consistent with clients' risk tolerances, there can be no guarantee of return of principal. Investors should be prepared to bear the risk of loss.

Risks Specific to Small-Cap Growth Strategy

The risks associated with investing in equity securities are particularly pronounced for securities of companies with smaller market capitalizations. These companies may have limited product lines, markets or financial resources or they may depend on a few key employees. Securities of smaller companies may trade less frequently and in lesser volume than more widely held securities, and their values may fluctuate more sharply than other securities. They may also trade in the over-the-counter market or on a regional exchange, or may otherwise have limited liquidity.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client or potential client's evaluation of Hood River or the integrity of Hood River's management. Hood River has no information applicable to this item.

Item 10 – Other Financial Industry Activities and Affiliations

Hood River has entered into an agreement with Roxbury Capital Management, LLC through which Roxbury provides various administrative, operational, and business services including trading, marketing, client services, compliance, information technology, accounting and proxy coordinating services. Hood River owns a common interest in Roxbury.

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

Hood River has adopted a Code of Ethics that emphasizes the high standards of conduct that Hood River has always sought to observe. The Code of Ethics consists of certain core principles including, but not limited to: a) the interests of clients will be placed ahead of the Firm's or an employee's own investment interests; b) officers and employees will not take inappropriate advantage of their positions; c) information concerning client investments will be kept confidential; d) employees will provide professional investment management advice based upon unbiased independent judgment; and e) officers, directors and employees will act with the utmost integrity. The Code of Ethics describes provisions to prevent actual or potential conflicts of interest or the appearance of such conflicts relating to, amongst other matters, confidentiality of client information, prohibition on insider trading and rumor mongering, and restrictions and reporting requirements for personal securities transaction procedures. In connection with these provisions, the Code of Ethics places restrictions on officer, employee, and employee-related personal securities transactions and requires prior approval for most personal securities transactions. The Code of Ethics also requires all officers and employees to report periodically, with a few minor exceptions set forth in Rule 204A-1 of the Investment Advisers Act, their personal securities transactions and holdings.

Specifically, it is Hood River's policy not to permit its officers and/or employees, or their immediate family members, to benefit from trading executed for its clients in a manner that would harm its clients. Hood River believes such a policy creates a commonality of interest between the clients and Hood River's officers and employees. In addition, Hood River may, at its discretion, manage the accounts of its employees and/or employee family members at no charge. These accounts are treated as any other client account because the employee does not have any decision-making authority with respect to these accounts.

The policy with respect to personal trading by Hood River's officers and employees, except for those employee and employee-related accounts that are managed by Hood River, is as follows: whenever Hood River is buying or selling securities for clients as part of an active trading program or significant cash movement, transactions for Hood River's officers and employees will follow after all transactions have been completed for such clients. However, it is possible that Hood River's officers and employees may trade in advance of the initiation of a trading program because the portfolio management teams have not yet determined to initiate the trading program. Because of this policy, Hood River employees and officers may receive more favorable prices for the same securities than clients receive on the same day.

The Watch List contains securities that Hood River is "closely observing" and "anticipating imminent action in" on behalf of client accounts. The Watch List is updated and posted twice a month.

Hood River's officers and employees may purchase and/or sell securities contrary to active trading programs for client portfolios, but generally may not do so until at least five business days after the completion of a trading program or significant cash movement.

The guidelines for securities transactions for Hood River officers and employees with respect to client incidental trades are as follows: generally, on any given day, purchases and/or sales of the same securities for officers and employees for client incidental trades will follow such purchases and/or sales for client portfolios unless there are sufficient securities or sufficient buyers at the same price to fill the needs of both client portfolios and Hood River's officers and employees. As a result of this daily trading policy and due to market fluctuations, it is possible that: a) Hood River's officers and employees may purchase or sell the same security on the same day as a client portfolio and receive a better price; and b) Hood River's officers and employees may purchase or sell the same security as a client portfolio a day or more in advance of the purchase or sale of the security for the client portfolio and receive a better price than the client portfolio receives a day or more later.

From time to time, Hood River may take positions for certain types of discretionary portfolios that are contrary to positions Hood River takes for other discretionary portfolios because clients' investment objectives or requirements (such as the need to take tax losses, realize profits, raise cash, diversify, etc.) are different from those of other clients. Similarly, Hood River may trade client portfolios managed according to one investment style in advance of other client portfolios managed according to a different investment style. Hood River will provide any client or prospective client a copy of the Code of Ethics upon request.

In the course of providing advisory services, Hood River may simultaneously recommend the sale of a particular security for one account and the purchase of the same security for another account if such recommendations are consistent with each client's investment objectives and guidelines as well as consistent with Hood River's fiduciary obligations to each client account participating in such "cross transactions". If Hood River determines that it is more cost effective and in the best interest of clients to cross securities between client accounts, Hood River, acting as investment advisor and fiduciary to both buyer(s) and seller(s), may effect cross trades between client accounts consistent with its policies and procedures. Effective for transactions occurring after August 17, 2006, the Pension Protection Act (PPA) includes an exemption from ERISA's prohibited transaction rules for cross trading and enables investment advisers to ERISA plans to engage in cross trading if plan assets exceed \$100 million. Cross trading, under pre-Act rules, was prohibited due to ERISA's prohibition against a fiduciary's representing adverse parties in a transaction.

Item 12 – Brokerage Practices

For client account transactions, Hood River trades with pre-approved brokers evaluated by the Trade Committee, which includes the Head Trader, CCO and a Hood River portfolio manager. Brokers are evaluated to determine their ability to provide competitive pricing and liquidity in the market and are assessed for financial integrity. Once approved, brokers are reviewed quarterly by the Trade Committee.

When Hood River has discretionary authority to select a broker, the selection is typically based upon: a) general execution capability; b) operational capability to clear and settle transactions; c) capital position and risk taking ability; d) financial stability e) historical trading experience in the stock; f) integrity of personnel; g) quality of research and investment information and h) special needs required by trading staff. As a result of any of the above factors, a client may pay a higher commission than is available from other brokers.

Soft Dollar Arrangements

Subject to the policy of seeking best execution for transactions, and also subject to the criteria of Section 28(e) of the Securities and Exchange Act of 1934 ("Section 28(e)"), Hood River may, in circumstances in

which the Firm has brokerage discretion and in which execution is comparable, pay a broker a commission higher than that which another broker might have charged for effecting the same transaction in recognition of the value the brokerage research and services provided by the broker. Brokerage and research services provided by these Research Brokers may include, among other things: effecting securities transactions and performing services incidental thereto (such as clearance, settlement and custody) and providing information regarding the economy, industries, sectors of securities, individual companies, statistical information, taxation, political developments, legal developments, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis and performance analysis. This research and services received by Hood River in exchange for client brokerage commission is often referred to as “soft dollar” benefits.

Hood River monitors its discretionary brokerage allocation to assure that those brokerage firms that provide Hood River with quality research and investment information receive sufficient brokerage business each year and typically allocates more brokerage business to those firms that provide Hood River with what Hood River perceives or deems superior research and execution capabilities than other firms. When the research and/or other products and services are received in return for client brokerage commission, it relieves Hood River of the expense it would otherwise bear in creating such items on its own or paying for those items with its own funds. Hood River will choose the broker/dealers or electronic communication networks “ECNs” it believes are best able to provide the most favorable combination of net price and execution in each transaction. When possible, Hood River deals directly with the firms who make a market in the securities involved except in those circumstances when better prices and execution are available elsewhere. Hood River may also utilize electronic communications networks to obtain best execution, pay lower commission rates, and place limit orders for client transactions.

When selecting a Research Broker, the Firm will make a good faith determination that the amount of the commission charged is reasonable in relation to the value of the brokerage and/or research services received, viewed in terms of either the specific transactions or the Firm’s overall responsibility to the accounts for which it exercises investment discretion. Subject to Section 28(e), the Firm may place a trade with a Research Broker that charges a brokerage commission in excess of that which another broker might have charged for effecting the same transaction, in recognition of the value of the brokerage and/or research services provided by the Research Broker.

Research services provided by Research Brokers may be used by the Firm in servicing any or all of its clients, and may be used in connection with clients other than those making the payment of commissions to a Research Broker, as permitted by Section 28(e). Any particular research service may not be used to service each client account and may not benefit the particular accounts that generate the brokerage commissions. Through an agreement with Roxbury, Roxbury provides trading services to Hood River, Roxbury has entered into a similar agreement with Mar Vista, an affiliate of Hood River. Roxbury uses the client brokerage commissions generated by each Hood River and Mar Vista to pay Research Brokers over the course of the year and as a result, the commissions generated by one Adviser may be used to pay a Research Broker for services used by the other Adviser. By year-end, Hood River will adequately satisfy their own payments to each Research Broker through the process of allocation of client commission by Roxbury between Hood River and Mar Vista.

In addition, there may be cases when the Firm may receive both non-research (e.g. administrative or accounting services etc.) and research benefits from the services provided by the Research Brokers. If and when this happens, the Firm will make a good faith allocation between the non-research and research portion of the services received, and will pay “hard dollars” (i.e. the Firm will pay from their own monies) for the non-research portion.

All soft dollar arrangements are approved by the Head Trader and CCO. The Trade Committee will continuously monitor the Firm's soft dollar practices and any third-party arrangements to ensure consistency with policies and disclosures and will ensure that the ADV 2A is promptly amended in the event of any changes. In addition, the CCO or his designee will be responsible for maintaining the detailed records of all the Firm's soft dollar arrangements and all executed "soft dollar" transactions.

At any given point in time, Hood River may have a soft dollar arrangement with one or more brokerage firm to receive research services whereby over a period of time, Hood River is required to direct a minimum amount of brokerage commissions from client transactions to the brokerage firm. These arrangements change over time. When Hood River has soft dollar arrangements with a brokerage firm, it negotiates rates that reflect both the commission rate and the services to be received from the brokerage firm. Clients may direct brokerage commissions generated by their accounts to "commission recapture" programs to recapture business and directly benefit their accounts, instead of having Hood River use these commissions for its benefit to pay for research services.

Hood River may also obtain proprietary and third-party research through commission sharing arrangements (CSAs). This soft dollar arrangement allows Hood River to separate the costs of research and execution by having the ability to separately pay the executing broker for trade execution and ask that broker to allocate a portion of the commission directly to an independent research provider.

Only brokerage commissions from certain discretionary client accounts are used to pay for the research services furnished by brokers. However, Hood River may use these research services to service all of its accounts and not just the accounts whose transactions paid for the research services. Moreover, it is possible that the accounts whose transactions generate brokerage commissions that are used to pay some of Hood River's research obligations may not benefit in any way from this research. There is a potential conflict of interest in these soft dollar arrangements because Hood River may have an incentive to trade client accounts in order to pay for research services.

In determining how much of a product or service should be paid with client commissions, and how much Hood River should pay, Hood River evaluates how each person that uses the product or service is using the product or service, and how many persons are using the product or service. Hood River utilizes client commissions to pay for that portion of the product or service that is being used by Hood River to assist in investment decision-making and/or placing orders for client transactions with brokerage firms. For example, if one-half of Hood River employees who use a product or service use it to assist with investment decision-making and the other half of Hood River employees use it for administrative purposes, Hood River pays for one-half or less of the total cost of the product or service with client commissions.

Directed Brokerage Arrangements

Hood River has discretionary investment authority over portfolios but will work within client investment policy and asset allocation guidelines when it determines such management is feasible. Clients who place restrictions, including restrictions as to types of securities, concentrations, cash balances, and broker selection should recognize that the performance of their accounts may not be representative of the performance of accounts managed without restrictions.

Some clients direct Hood River to use a particular broker (i.e., a custodian broker, a referring broker or simply a broker of the client's personal choice). In all these cases, the client may pay a higher commission or receive smaller discounts than if Hood River had discretion to choose a broker, or may receive a worse price for a security than other clients for the same security.

Hood River may use step-out trades for aggregated orders for multiple accounts. A step-out trade is one in which Hood River places the order for a transaction for one or more client accounts with a broker (the "Step-out Broker"), other than the broker that the client has directed Hood River to utilize (the "Directed Broker"). The Step-out Broker executes the trade for the accounts without any commission because the customer pays it to their directed broker. The Step-out Broker will report a net price, which may include a mark-up for executing the transaction.

The brokerage firm shown on the confirmation for a step-out transaction for a client account with a directed broker is not the Step-out Broker, but the Directed Broker. The Directed Broker receives the compensation, if any, shown on the confirmation. This compensation is at whatever commission rate or wrap fee the client has negotiated. Thus, the clients that participate in a step-out transaction may pay different transaction costs. In this manner, the Directed Broker receives the agreed upon commission or wrap fee and the client obtains the execution at a favorable price.

Additionally, for those clients who direct the firm to place trades with a certain broker, the firm will provide written disclosure to the client and make best efforts to obtain the client's acknowledgement of that disclosure. The disclosure may be included in an investment advisory agreement with the client or may take the form of a separate disclosure document that the client signs in acknowledgement. The disclosure may include, as appropriate the following:

1. The Firm will not seek to negotiate broker-dealer commissions for the client, and consequently the client may pay higher commissions on transactions than other clients of the Firm who do not direct transactions to a particular broker;
2. The client may pay higher commissions than they might pay if the Firm were authorized to negotiate commissions for the client;
3. The direction of brokerage to a particular broker may also mean that a client may not be able to take advantage of volume discounts or otherwise obtain best price and execution on every transaction;
4. Orders for a client may not be combined with orders for other accounts or funds under management;
5. The client may not obtain the benefit of reductions in commissions resulting from the combining of orders that the client might have obtained if the client did not so direct its brokerage; and
6. To the extent applicable, it is the Firm's policy to place directed trades after effecting non-directed trades.

The disclosure acknowledgement is maintained in the client's file. The Portfolio Accounting Manager or her designee will make best efforts to ensure that clients who direct brokerage have signed an acknowledgement of their receipt of the disclosure.

Aggregation of Transactions Although each client account is individually managed, Hood River often will, at any given time, purchase and/or sell the same securities for many accounts. When possible, Hood River aggregates the same transactions in the same securities for many clients who have the same directed brokerage firm. Similarly, when practical, Hood River aggregates the same transactions in the same securities for many clients for whom Hood River has discretion to direct brokerage. Clients in an aggregated transaction each receive the same price per share or unit, but, if they have directed brokerage to a particular broker, they may pay different commissions or may pay or receive a different price. Because some of these aggregated transactions may be placed through an omnibus account at a brokerage firm, some clients, depending upon their custodian arrangements, may never receive a confirmation of their individual transaction at the time of the transaction. Instead, such clients may receive only a monthly or quarterly statement from their custodian showing such individual transactions.

If Hood River has to place more than one order to fill all orders in an aggregated transaction, each client in the aggregated transaction receives the average price paid in all orders placed for clients in the same aggregate transaction in the same security on that day. If Hood River is unable to fill an aggregated transaction completely, but receives a partial fill of an aggregated transaction, Hood River allocates the partially filled transaction pro rata, or based on an equitable rotational system. Consideration is given to investment criteria, size of account, size of allocation, cash availability and other compliance requirements.

Certain clients may not be included in certain aggregated transactions because of cash availability, tax consequences for taxable accounts and/or other reasons. After Hood River has determined which accounts are able to participate in an aggregated transaction, typically the rotation is by client directed broker with custodial accounts at banks grouped together for rotational purposes.

Item 13 – Review of Accounts

Typically, each Hood River portfolio manager reviews, as a group, client portfolios with similar investment objectives that the portfolio manager manages. Reviews are conducted only on a periodic basis as opposed to in response to specific triggering factors.

A written report of a client's complete portfolio is generally provided to clients at least on a quarterly basis. Each written report is tailored to the specific needs of a client. Each report typically contains a detailed analysis of a client account's investment performance, assets under management, and sector attribution. Personal or telephone reviews with each client are conducted as necessary.

Item 14 – Client Referrals and Other Compensation

Hood River may enter into solicitor arrangements to compensate organizations that refer clients to Hood River. These arrangements are intended to comply with the applicable rules and regulations of the Investment Advisers Act of 1940. Details regarding the fees payable to a placement agent or other third party solicitor under any such solicitor arrangement will be set forth in a written agreement with such solicitor and, as required, disclosed to the applicable client via separate notice. Clients and investors should be aware that the receipt of compensation by a placement agent or third party solicitor may create a conflict of interest, and may affect the judgment of the placement agent or solicitor when making a recommendation for an investment with Hood River.

Item 15 – Custody

Hood River does not maintain physical custody or possession of any of its client funds or securities. Hood River will ensure that information on all trades executed on behalf of its clients will be delivered to the corresponding custodian. Clients should carefully review the account statements that they receive from their qualified custodian along with those they receive from Hood River.

Item 16 – Investment Discretion

Generally, Hood River manages its client accounts on a discretionary basis pursuant to written investment advisory agreements. A client, upon engaging Hood River as its discretionary investment manager, must select Hood River's Small-Cap Growth strategy. The client may change the strategy upon written request to Hood River. Moreover, Hood River will manage the client's portfolio in accordance with the client's

individual investment objectives, financial situation, risk tolerance, and any reasonable investment guidelines or restrictions established by the client. Investment guidelines and restrictions must be provided to Hood River in writing.

Item 17 – Voting Client Securities

General Principles

Hood River recognizes its responsibility to vote proxies with respect to securities owned by a client in the economic best interests of its client and without regard to the interests of Hood River or any other client of Hood River.

These Proxy Voting Policies and Procedures (“Policies”) apply to securities held in client accounts in which Hood River has direct voting authority. In some cases, the client has requested that Hood River not vote proxies for a particular account. Unless specifically addressed in the investment advisory agreement, Hood River will vote proxies consistent with its fiduciary obligation. The Policies are subject to any proxy voting guideline or direction of a client as long as following the proxy voting guideline or direction is prudent under the circumstances.

Hood River’s policy is to exercise its proxy voting discretion absent special circumstances and in accordance with the guidelines set forth in the “Proxy Voting Guidelines”. Any changes to the Proxy Voting Guidelines (“Guidelines”) must be pre-approved in writing by the Proxy Voting Committee (“Committee”).

Voting Process

Hood River votes all proxies on behalf of a client’s portfolio in fundamentally driven strategies unless: a) the client requests in writing that Hood River not vote; b) the proxies are associated with unsupervised securities; c) the proxies are associated with securities transferred to Hood River’s management then liquidated; d) the costs of voting the proxies outweigh the benefits; or e) the proxy ballot is not received.

The Portfolio Accounting Department (“Portfolio Accounting”) is responsible for coordinating the voting of proxies received by Hood River. Portfolio Accounting will forward proxy proposals to the appropriate industry analyst or portfolio manager.

The analyst or portfolio manager will review the issues to be voted upon, related information, and the research provided by a proxy research service. The proxy research service also provides customized proxy research consistent with Hood River’s policies for accounts with special vote sensitivities, including Taft Hartley accounts. The analyst or portfolio manager will make a recommendation as to how the proxy issues should be voted.

As previously, stated Roxbury provides proxy coordination services, to help facilitate this process a Proxy Committee “the committee” was created to provide centralized management of the proxy voting process and makes all proxy voting decisions except under special circumstances as noted below. The Committee is comprised of the Portfolio Accounting Manager, the CCO and at least one Hood River portfolio manager. The Committee:

- a) Supervises the proxy voting process, including the identification and review of potential material conflicts of interest involving Hood River and the proxy voting process with respect to securities owned by a client;
- b) Determines how to vote proxies relating to issues not covered by these Policies; and

- c) Determines when Hood River may deviate from these Policies.

The Committee will review the analyst or portfolio manager's recommendation if it differs from the proxy research firm's recommendation per the Guidelines. Following the review of the recommendation, the proxy will be voted according to the majority vote of the Committee. If a Committee member disagrees with the recommendation of the analyst or portfolio manager, the reasons for the disagreement will be documented. The Portfolio Accounting department will keep documents of proxy decisions made by the Committee. Since Hood River generally considers the quality of a company's management in making investment decisions, Hood River regularly votes proxies in accordance with the recommendations of a company's management if there is no conflict with shareholder value.

Hood River may determine not to vote proxies with respect to securities of any issuer if it determines it would be in its clients' overall best interests not to vote. Such determination may apply with respect to all client holdings of the securities or only certain specified clients, as Hood River deems appropriate under the circumstances. As an example, the Committee may determine not to vote certain securities positions if, in its judgment, the expense and administrative inconvenience of voting the securities outweigh the benefits to clients.

Hood River uses a proxy-voting agent to ensure that, as much as possible, eligible shares are voted and timely reporting is provided to Hood River and its clients. The Portfolio Accounting department submits proxy votes for a portfolio to the proxy-voting agent if the custodian of the portfolio's assets has a relationship with the agent, the custodian sets up the distribution of ballots properly for Hood River to vote, and the portfolio is set up properly in the proxy-voting agent's system. If Hood River receives ballots from a source other than the proxy-voting agent, Hood River will try to vote them using other means.

Conflicts of Interest

Potential or actual conflicts of interest relating to a particular proxy proposal may be handled in various ways depending on the type and materiality. Depending upon the facts and circumstances of each situation and the requirements of applicable law, options include:

- a) Voting the proxy in accordance with the voting recommendation of an unaffiliated, third-party vendor; or
- b) Voting the proxy pursuant to client direction.

Voting the securities of an issuer in which the following relationships or circumstances exist is deemed to give rise to a material conflict of interest for purposes of these Policies:

- a) The issuer is a client of Hood River and Hood River manages its portfolio or its retirement plan. In such a case, Hood River will obtain an independent, third-party opinion and will follow the recommendation of the third party;
- b) The issuer is an entity in which the Hood River industry analyst or portfolio manager assigned to review the proxy has a relative^a in management of the issuer or an acquiring company. In such a case, the analyst or portfolio manager will not make any vote recommendations and another analyst or portfolio manager will review the proxy. Although the proxy will be re-assigned, the

^a For the purposes of these Policies, "relative" includes the following family members: spouse, minor children, stepchildren, or children or stepchildren sharing the person's home.

industry analyst or portfolio manager will still be available to answer questions about the issuer from other Committee members;

- c) The issuer is an entity in which a Committee member has a relative in management of the issuer or an acquiring company. In such a case, the Committee member with the conflict will not vote on the proxy and the alternate member of the Committee will vote instead;
- d) The issuer is an entity in which an officer or director of Hood River or a relative of any such person is or was an officer, director or employee, or such person or relative otherwise has received more than \$500 annually during Hood River's last three fiscal years. In such a case, Hood River will obtain an independent, third-party opinion and will follow the recommendation of the third party;
- e) The issuer is M & T Bank. Due to M & T's indirect ownership of Hood River through its partial ownership of Roxbury, Hood River would have a conflict of interest in voting proxies on M & T's stock; however, as a matter of policy, Hood River does not purchase shares of M & T Bank for client portfolios;
- f) Another client or prospective client of Hood River, directly or indirectly, conditions future engagement of Hood River on voting proxies with respect to any client's securities on a particular matter in a particular way;
- g) Conflict exists between the interests of an employee benefit plan's portfolio and the plan sponsor's interests. In such a case, Hood River will resolve in favor of the plan's portfolio; or
- h) Any other circumstance in which Hood River's duty to serve its clients' interests, typically referred to as its "duty of loyalty," could be compromised.

Notwithstanding the foregoing, a conflict of interest described above shall not be considered material for the purposes of these Policies with respect to a specific vote or circumstance if:

- a) The securities with respect to which Hood River has the power to vote account for less than 1% of the issuer's outstanding voting securities, but only if: (i) such securities do not represent one of the 10 largest holdings of such issuer's outstanding voting securities; and (ii) such securities do not represent more than 2% of the client's holdings with Hood River; and /or
- b) The matter to be voted on relates to a restructuring of the terms of existing securities or the issuance of new securities or a similar matter arising out of the holding of securities, other than common equity, in the context of a bankruptcy or threatened bankruptcy of the issuer.

For clients that are registered investment companies ("Funds"), in which a material conflict of interest has been identified and the matter is not covered by the Policies, Hood River will disclose the conflict and the Proxy Voting Committee's determination of the manner in which to vote to the Fund's Board or committee of the Board. The Committee's determination will take into account only the interests of the Fund, and the Committee will document the basis for the decision and furnish the documentation to the Fund's Board or committee of the Board.

For clients other than Funds, in which a material conflict of interest has been identified and the matter is not covered by the Policies, the Committee will disclose the conflict to the client and advise the client that its securities will be voted only upon the recommendations of an independent third party.

Recordkeeping and Retention

Hood River retains records relating to the voting of proxies, including:

- a) A copy of these Policies and any amendments thereto;
- b) A record of each vote cast by Hood River on behalf of clients;

- c) A copy of any document created by Hood River that was material to making a decision on how to vote or that memorialized the basis for that decision; and
- d) A copy of each written request for information on how Hood River voted proxies on behalf of the client, and a copy of any written response by Hood River to any oral or written request for information on how Hood River voted.

Hood River will maintain and preserve these records for such a period of time as required to comply with applicable laws and regulations.

Hood River may rely on proxy statements filed on the SEC's EDGAR system or on proxy statements and records of votes cast by Hood River maintained by a third party, such as a proxy voting service (provided Hood River had obtained an understanding from the third party to provide a copy of the proxy statement or record promptly upon request).

Client Disclosure

Hood River will provide a report of how proxies were voted and a copy of its specific guidelines to those clients who request such information. Requests for proxy information may be sent to the attention of the Proxy Department, Hood River Capital Management LLC, 6001 Shady Oak Road, Suite 200, Minnetonka, MN 55343.

Item 18 – Financial Information

Registered investment advisers are required to provide certain disclosures and financial information to clients. Hood River has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.