



Sandhill Investment Management

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Form ADV, Part 2A – Brochure

Item 1 – Cover Page

May 18, 2015

This Brochure provides information about the qualifications and business practices of Sandhill Investment Management (“Sandhill”, “firm”, or “Advisor”). If you have any questions about the contents of this Brochure, please contact us at (716) 852-0279 x305 or sgoubrial@sandhill-im.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Sandhill Investment Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Sandhill Investment Management is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

Sandhill Investment Management has made the following material staff changes since the December 9, 2014 ADV Brochure update:

Shant Goubrial has been appointed as the Chief Operations Officer. Mr. Goubrial has been with Sandhill Investment Management since 2011 and previously held the title of Operations Manager. Mr. Goubrial is responsible for overseeing all facets of the firm's operational infrastructure including the supervision of other operations staff members.

Nicholas D'Ambrosio, Esq. has been appointed as the Chief Compliance Officer. Nicholas joined the firm in November of 2014 and previously held the title of Assistant Compliance Officer. Nicholas is responsible for ensuring firm-wide compliance with all applicable state and federal regulations.

Lisa Lake Langley has been appointed as Head of Institutional Sales. Ms. Langley is a Partner at Sandhill and has been with the firm since 2012. Ms. Langley is responsible for all aspects of Sandhill's growing institutional business, including sales and marketing.

There are no other material changes to report.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Shant Goubrial, Chief Operations Officer at (716) 852-0279 x305 or sgoubrial@sandhill-im.com. Our Brochure is also available on our web site www.sandhill-im.com also free of charge.

Additional information about Sandhill is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Sandhill who are registered, or are required to be registered, as investment adviser representatives of the firm.

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Item 4 – Advisory Business

Sandhill Investment Management is an investment advisory firm established in 2002, in Buffalo, New York. Sandhill is registered with the Securities and Exchange Commission.

Edwin M. Johnston III is the firm's principal owner. Principal owners are any individuals and/or entities controlling 25% or more of the ownership of the firm.

Sandhill Investment Management provides asset management services to its clients. The program will include the following:

- a. Investor Profile - The firm consults with the client to obtain detailed financial information and other pertinent data. After conversations with the client, the firm determines the appropriate investment guidelines, risk tolerance and other factors that will assist in ascertaining the investments to be made that are suitable for the account(s). An asset allocation model is chosen for the client.
- b. Portfolio Management Selection - Based on the client's asset allocation, the firm provides asset management of the client's capital. The firm diversifies and manages the client's portfolio. Although accounts may own many of the same securities, the firm manages the accounts on an individualized basis. Further restrictions and guidelines imposed by clients may affect the composition and performance of individual portfolios. As such, investment portfolios with the same asset allocation and investment objective may differ. Investment guidelines and restrictions must be provided to Sandhill in writing.
- c. Performance Evaluation and Monitoring Services - The custodian of the account will provide monthly and/or quarterly statements. The firm also will maintain account performance with Axys (performance accounting software from Advent) and may discuss account performance with the client from time to time.
- d. Discretionary Authority - The client will grant the firm discretionary authority to buy and sell securities.

Note: The firm will occasionally accept a non-discretionary account at the client's request. These accounts are accepted as a customer courtesy and on an exception basis. Non-discretionary accounts are not actively managed; therefore, these accounts are not charged a management fee.

As of February 28, 2015, the Company was managing the following:

	<u>Number of Accounts</u>	<u>Assets under Management</u>
Discretionary Accounts	871	\$520,827,337.
Non-discretionary Accounts	62	\$77,543,597.
Total	933	\$598,370,934.

Sandhill Investment Management also provides non-discretionary advisory services for institutional retirement plans. The services provided will vary depending on the needs of the client. Such services may include (but are not limited to) recommendation of investment options and model portfolio allocations, conducting enrollment meetings to disseminate plan information and investment education to participants, assistance with written investment policy statements, and coordinating with plan service providers.

Item 5 – Fees and Compensation

Sandhill offers investment advisory services for a percentage of assets under management. The fee for managed (discretionary) accounts is 1.00% of assets under management. In certain instances, the fee may be negotiable. The fee is payable in advance on a quarterly basis. The valuation of the account(s) will be based on the closing prices of the securities held in the portfolio(s) on the last day of the month prior to the quarterly billings. For account(s) that are opened in the middle of any billing cycle, an invoice for the "stub" period will be submitted to the client's custodian. Either party may terminate the advisory agreement at any time. The client may terminate this agreement within five business days of its signing without penalty and a full refund will be provided. Thereafter, the client or the firm may terminate this agreement by notifying the other in writing and termination will become effective after 30 days of receipt of the notice. Fees paid in advance hereunder will be prorated to the date of termination specified in the notice of termination, and any unearned portion thereof will be refunded to the client. However, termination will not affect either the client's or the firm's responsibilities under this agreement for previously initiated transactions or for balances due in the account upon termination. Upon termination, the firm will have no further obligation to act or advise with respect to any account.

The client may grant the firm the authority to receive quarterly payments directly from the client's account held by an independent custodian. Accordingly, the client will provide, in writing, limited authorization to withdraw the contractually agreed upon fees from the account. The custodian of the account is advised in writing of the limitation on the firm's access to the account. The custodian will also send to the client a statement, at least quarterly, indicating all the amounts disbursed from the account including the amount of advisory fees paid directly to the firm.

Sandhill's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, 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. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to Sandhill's fee, and Sandhill shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that the firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

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

Sandhill does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

Sandhill provides portfolio management services to individuals, corporations or other business entities, pension and profit-sharing plans, trusts, estates, charitable institutions, foundations, and endowments.

Sandhill requires a minimum balance of \$150,000 to open an account although some accounts of lesser size may be accepted.

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

The investment process at the firm is marked by fundamental research and discipline. The firm begins its due diligence process by looking for businesses that have superior operating models. The superior operating models create businesses that have structural economic advantage. Structural economic advantage will create businesses that have superior margin and free cash flow relative to other companies in the same industry. The higher free cash flow margin will give the company more capital to reinvest to grow its business.

Structural economic advantage comes from product superiority, quality superiority, process manufacturing that cannot be replicated, the breadth and scale of distribution systems, cost of production advantage, supply constraints, brand awareness, intellectual capital and patents, and management talent. These operating characteristics lead to pricing power and/or superior margin relative to competitors.

When going through the due diligence process, the firm takes a lot of time to understand business that we might purchase. The firm believes that it is important know what you own. The firm is very particular about the businesses that it will purchase for clients.

The research process is broken into seven steps:

Information gathering and consumption

The firm reads 10-Ks and 10-Qs. The firm reads the quarterly earnings release. The firm's favorite piece of research material is the quarterly earnings call transcripts read a few days after the call. They are very revealing. The firm reads street research and related articles. The firm takes time to learn and understand the operating model of the company.

The firm then talks to the company's management. We believe that any company (to a degree) is a reflection of its CEO.

Due diligence

With an established working knowledge of the company, the firm tears apart and tries to understand the company's operating model. Is this a good business? What is the quality of the products? Is the company a low cost, high quality manufacturer? What are the company's distribution capabilities? Can the company scale further? Are the end markets large enough so that the company can grow well into the future?

Assessing operating risk

With a good understanding of the company's operating model, the firm then tries to understand the operating risk associated with the company's operating model. What is the competition? Does the company have pricing power? Will the company be able to maintain and protect its gross and operating margins? Are the company's products subject to commoditization in the future? How talented is management? Does the company control the distribution of its products? What is the geographic reach of the company's distribution system?

After asking and answering these and other questions, we begin to define the operating risk of the company. As we move through the due diligence process, it is important to understand the operating risk that we are exposed to as owners of the company.

The thesis for success

After going through the first three steps, the covering analyst must then make the thesis for success to the investment committee before purchase of the equity. The covering analyst must then define how and why the company will increase revenue, margin, and profit over time.

The covering analyst will only be able to make a persuasive thesis for success to the rest of the committee if he has thoroughly completed the first three steps of the process.

Financial characteristics

The firm will only buy companies that have the following financial profiles:

- Strong free cash flow
- Conservative balance sheets.
- High return on invested capital.
- Healthy operating margins
- Significant recurring revenue

The firm finds that investing in companies with these financial characteristics reduces risk.

Valuation

Valuation is the final step in the investment process. Valuation does not drive purchase of a company; it is merely a condition of purchase. The decision to buy a company has already been made by the time the firm gets to the valuation process. The valuation process simply defines what price we are willing to pay.

The firm adheres to four strict valuation metrics to ensure that we are buying portfolio companies at an attractive price:

- Enterprise value divided by free cash flow
- Return on invested capital
- Net present value of free cash flows
- Net debt to free cash flows

The Cycle

After completing the due diligence and checking that the equity can be purchased at an attractive valuation, Sandhill then gives final consideration to the investment in the context of the macroeconomic

picture and where the industry the company participates are in the cycle. As a general rule, Sandhill likes to invest capital when cycles are bottoming or in the first half of their upward trend.

Conclusion

Sandhill focuses on purchasing equity in companies that have high quality, difficult to replicate assets that generate strong free cash flows and high returns on invested capital.

Sandhill may use multiple types of securities in managing client accounts, provided that such securities are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations. The following types of securities may be included in our client's accounts: equity securities (exchange-listed securities, securities trades over-the-counter, and foreign issues), corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, United States government securities, and/or options contracts on securities.

Investing in securities involves risk of loss that clients should be prepared to bear. Such risks include market risk, interest rate risk, and currency risk among others. In addition, frequent trading of securities can affect investment performance particularly through increased brokerage and other transactions. Risk cannot be eliminated from the investment process but at Sandhill we never lose site of protecting our client's capital. A few examples of how we work to mitigate investment risks include the purchase of high quality assets with ongoing monitoring, strict buy limits (not overpaying for a security), and asset allocation. Sandhill is a long-term investor. We purchase securities with the intention of holding them in a client's account for a year or longer. At times, we will need to sell a security within a year of purchase when appropriate (ex. valuation becomes extreme, quality of the company changes).

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 your evaluation of the Sandhill or the integrity of Sandhill's management. Sandhill has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

Larry Stolzenburg periodically performs accounting services independent of Sandhill. These accounting services are not material and do not create a conflict of interest with Sandhill clients.

Item 11 – Code of Ethics

Sandhill has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition of insider trading, restrictions on the acceptance of significant gifts, personal securities trading procedures, compliance with Federal Securities laws, and reporting of code violations, among other things. All supervised persons at Sandhill must acknowledge the terms of the Code of Ethics annually, or as amended.

The firm, related persons or related entities may buy or sell investment securities recommended to the firm's clients. No related persons may buy a security that is under consideration for purchase or sale.

Records will be maintained of all securities bought or sold by the firm, related persons, or related entities. Such records will be available for inspection upon request.

If the security is put on the buy list, it is generally bought in a "block" transaction through an institutional trading desk for all clients that meet suitability requirements and have available cash. Included in that block may be orders for members of the firm. Members must have a signed advisory agreement and be a client of the firm to be included in the block transaction. All blocks are average priced and members of the firm who are clients pay the same ticket charges so that there is no execution or cost advantage for members who have client accounts with the firm.

After the security is put on the buy list and purchased for the firm's clients, the security remains on the restricted list for three days (this includes the day it was put on the list). After that time, related persons and entities who are not clients of the firm may buy the security. If a security is under consideration for sale, the same rules apply with the exception that related persons and entities who are not clients of the firm may sell the security before the three day restriction period expires only if ALL clients of the firm have sold the security.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the firm will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of the firm's clients. In addition, the Code requires pre-clearance of some transactions, and restricts trading in close proximity to client trading activity as noted above. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between the firm and its clients.

To request a copy of the Company's Code of Ethics contact Shant Goubrial at (716) 852-0279 x305 or in writing at 360 Delaware Avenue, Suite 402, Buffalo, NY 14202.

It is Sandhill's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. The firm will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

Privacy Policy – Sandhill Investment Management is committed to protecting the confidentiality and security of your private information. This notice is provided to help you understand how we safeguard your privacy.

In order to properly service your account we must obtain some nonpublic personal information about you. The types of information we may need to obtain fall into the following categories:

- Information that we receive from you verbally and/or on applications or other forms; such as, names, addresses, phone numbers, social security numbers, and investment objectives; and
- Information about your transactions with us.

We do not disclose any nonpublic personal information about our customers or former customers to anyone, except as permitted by law.

Access to your personal information is restricted to those employees that need to know that information to provide services to you. We maintain physical, electronic, and procedural safeguards to comply with federal standards to protect your personal information.

Item 12 – Brokerage Practices

For discretionary accounts, the firm has authority to determine the type and amount of securities to be bought and sold, the broker-dealer to be used and the commission rates to be paid without obtaining specific client consent. This authority shall be established upon execution by the client of the power of attorney outlined in the advisory agreement.

Although the firm maintains discretion on these accounts, the firm must adhere to the client's investment objectives including any investment restrictions and/or asset allocation guidelines.

The firm's clients are free to choose their custodians and firms that will effect transactions for their advisory accounts. However, the firm may recommend certain broker-dealers. The value of products, research and services of any recommended firm will be taken into consideration in making the recommendation.

Advisor participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC/NFA. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

Clients are under no obligation to purchase or sell securities through TD Ameritrade Institutional. However, if they choose to do so, commissions may be earned by TD Ameritrade Institutional which may be higher or lower than commission rates found at other broker-dealers.

The firm does not warrant or represent that commissions for transactions implemented through TD Ameritrade Institutional will be lower than commissions available if clients use another brokerage firm. However, the firm believes that the overall level of service and support provided to its clients by TD Ameritrade Institutional outweigh the potentially lower transaction cost available from other broker-dealers.

Certain brokerage transactions may be directed to multiple broker dealers and our clients will receive slightly different execution prices on these transactions. It is always the firm's intent to provide best execution for our clients.

Where the use of specific brokers is requested by a client, the client will be required to make such appointment on a form which will become an attachment to the investment advisory agreement. Adviser may not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. A disparity in commission charges may exist between the commissions charged to clients who direct Adviser to use a particular broker-dealer and other clients who do not direct Adviser to use a particular broker-dealer.

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner. It is the policy of the firm to aggregate client transactions where possible. Sandhill prohibits any allocation of trades in a manner that the firm's proprietary accounts, affiliated accounts, or any particular clients receive more favorable treatment than other client accounts. Clients that meet suitability requirements and have available cash should be included in the block. If the trader is unable to fill the entire block order then the partially filled block will be allocated in a manner in which no client or group of clients receive a more favorable treatment than other client account. (e.g., a partial purchase would be allocated to the accounts with the most available cash or pro-rata).

Item 13 – Review of Accounts

Accounts are managed and reviewed by Edwin M. Johnston III, Managing Partner, Larry S. Stolzenburg, Partner, and Matthew J. Wiens, Partner. Clients instruct reviewers to adhere to asset allocation guidelines and to purchase equities and fixed income that are appropriate for the account. The committee will perform ongoing reviews as they receive information, which contains one of the following elements:

- a. Information which would affect the holdings;
- b. when additional funds for investment are received;
- c. when new investment opportunities arise; and
- d. when funds are withdrawn.

Daily reviews of all prior day transactions are performed by Shant Goubrial. Kristyna Allsop-Hassler will perform the review in Mr. Goubrial's absence. The reviewer is responsible for reviewing all of the trades from the previous day.

The firm will periodically review account objectives, asset allocation, account holdings, and performance, among other things, with a client. On occasion, a written report will be prepared to accompany the account review.

All clients will receive a confirmation of every trade and quarterly statements which outline the clients' current position, security cost basis, and current market value. Clients will receive monthly account statements only if a qualifying activity occurs. The custodian will be responsible for sending periodic statements to the client. At a minimum, statements will be sent quarterly. The custodian will be responsible for sending the client and the firm confirmations of purchase and sale transactions in client's account. Refer to Item 15 for more information regarding custody.

Item 14 – Client Referrals and Other Compensation

The firm may enter into agreements with non-related individuals or organizations who may receive compensation for soliciting clients for the firm. These agreements are governed by Rule 206(4)-3 of the Investment Advisers Act of 1940. All clients procured by solicitors will be given full disclosure describing the terms and fee arrangements between the firm and the solicitor. The firm currently has solicitation agreements in place with Elizabeth Greno/Trubee Collins & Co.; Gary Stott; Mary Hosler; Bob Schintzius; Paul Banas; Richard Victor; Darcy Anderson and Thomas Brashear/Sunbelt Securities.

As disclosed under Item 12. above, Advisor participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Advisor also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Advent, Synergy Global Solutions Inc., Thompson Financial, Thompson Baseline, Telemet, Morningstar Research, and Morningstar Direct. TD Ameritrade provides the Additional Services to Advisor in its sole discretion and at its own expense, and Advisor does not pay any fees to TD Ameritrade for the Additional Services. Advisor and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

Advisor's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to Advisor, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade

of the assets in, and trades placed for, Advisor's Client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with Advisor, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, Advisor may have an incentive to recommend to its Clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for Client accounts with TD Ameritrade. Advisor's receipt of Additional Services does not diminish its duty to act in the best interests of its Clients, including the best execution of trades for Client accounts.

Advisor also serves on the TD Ameritrade Institutional Operations Panel ("Panel"). The Panel consists of approximately twenty-four independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the Advisor and their experience with TD Ameritrade's service, technology, and products. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for three year terms by TDA Institutional sales, service and senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses Advisor for the travel, lodging and meal expenses Advisor incurs in attending Panel meetings. The benefits received by the Advisor or its personnel by serving on the Panel do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Advisor's recommendation of TD Ameritrade for custody and brokerage services.

Additionally, brokerage transactions may be directed to certain broker dealers in return for investment research products and services which assist the firm in its investment decision-making process. These arrangements are often called soft dollar arrangements. Such products and services may include, but are not limited to, research reports, discussions with research analysts and corporate executives, seminars or conferences, financial and economic publications that are not targeted to a wide audience, market research, and market data. The research products and services may include both products and services created by such broker and products and services created by a third party.

These products and services may be used to service all of our client's accounts, not just the accounts that pay for the services. Soft dollar benefits are not proportionally allocated to any accounts that may generate a portion of the soft dollar benefits.

The firm reviews its soft dollar arrangements on at least an annual basis. The firm will make a good faith determination that the amount of commissions allocated to the broker is reasonable in relation to the value of the brokerage and research services provided by the broker. This may create a conflict of interest.

Item 15 – Custody

Sandhill does not accept custody of client funds. The custodian of the account will hold all customer assets. All clients will receive a confirmation of every trade and quarterly statements which outline the clients' current position, security cost basis, and current market value. Clients will receive monthly account statements only if a qualifying activity occurs. The custodian will be responsible for sending

periodic statements to the client. At a minimum, statements will be sent quarterly. The custodian will be responsible for sending the client and the firm confirmations of purchase and sale transactions in client's account.

Item 16 – Investment Discretion

Sandhill usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Sandhill observes the investment policies, limitations and restrictions of the clients for which it advises.

Investment guidelines and restrictions must be provided to Sandhill in writing.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, Sandhill does not generally have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in accounts managed by Sandhill. All proxy notices are forwarded directly to the clients by the clients account custodians as has been indicated on the client's custodial account application.

Sandhill's current investment advisory agreements specifically transfer proxy voting responsibility to the client with one exception. Sandhill will vote proxies on behalf of ERISA client accounts in instances where the governing plan documents do not specifically preclude the investment manager from doing so. When voting ERISA plan securities the firm will take responsibility for voting proxies consistent with the best economic interests of the clients. The firm maintains written policies and procedures as to handling the voting and reporting of client proxies. Sandhill's policy and practice includes the responsibility to receive and vote client proxies, when voting is determined to be in the best interest of the clients given the totality of the circumstances, monitor corporate actions, and disclose any potential conflicts of interest.

A copy of the Sandhill's Proxy Voting Policies and Procedures may be obtained by calling Sandhill's Chief Compliance Officer at (716) 852-0279 ext. 314 or by emailing your request to ndambrosio@sandhill-im.com.

Item 18 – Financial Information

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about financial condition. For example, if the firm requires prepayment of fees six months or more in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must provide financial information and make disclosures. The firm has no financial or operational conditions which trigger such additional reporting requirements.