



Item 1 – Cover Page

**Firm Brochure**

(Part 2A of Form ADV)

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This brochure provides information about the qualifications and business practices of Howland Capital Management LLC. For questions about the contents of this brochure, please call 617-357-9110. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC), or by any state securities authority.

Additional information about Howland Capital Management LLC is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

March 29, 2024

## **Item 2 - Material Changes**

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### **Annual Update**

The Material Changes section of this brochure will be updated annually or when material changes occur since the previous release of the Firm Brochure.

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### **Material Changes since the Last Update**

The last release of this brochure was on March 31, 2023. Since then, there have been no material changes to this brochure.

Copies of Howland Capital Management LLC's Firm Brochure may be obtained by calling 617-357-9110.

## Item 3 – Table of Contents

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## Item 4 - Advisory Business

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### Firm Description

Howland Capital Management LLC was founded as Blackstone Management Corporation in 1967. The name of the firm was changed to Howland Capital Management, Inc. in 1994. In 2012, the firm was restructured under the same ownership and management and is now Howland Capital Management LLC. Howland Capital Management LLC is owned by its partners (i.e. members), none of whom owns more than 25%.

Howland Capital Management LLC (HCM) provides personalized, confidential investment management to various types of clients and invests in publicly and privately traded securities.

HCM generally provides investment advice to:

- Individuals and families
- Revocable and irrevocable trusts
- Retirement and pension accounts
- Custodian accounts and education trusts
- Foundations and charitable organizations
- Endowments for non-profits
- Estates

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### Types of Advisory Services

Howland Capital manages client accounts on a separate account basis.

HCM's advisory services vary depending on the needs, objectives, risk tolerance, time horizon and other preferences of the client. Services include:

- Determination of financial objectives
- Identification of financial obstacles
- Investment management
- Financial planning
- Estate planning
- Private trustee services
- Cash flow management
- Tax planning
- Tax advice and tax return preparation & filing
- Insurance review
- Education funding
- Charitable planning
- Environmental Social Governance (ESG) investing

Once a prospective client signs an Investment Advisory Agreement and becomes a client, the account opening process begins. As part of the account opening process, the manager's team develops an in-depth knowledge of the client's financial situation, which is reflected in the Investment Policy Statement (IPS).

As of December 31, 2023, HCM managed \$2,776,205,185 on a discretionary basis.

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### Tailored Relationships

HCM tailors each client account or set of accounts to the goals and objectives of each client. These goals and objectives are documented in each client's IPS. The IPS also drives the investment program, which takes into account a client's tax situation, risk tolerance, time horizon, estate plan, security and asset preferences and restrictions, and other relevant items. As goals and objectives change over time, recommendations are made and implemented on an ongoing basis.

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## Item 5 - Fees and Compensation

### Description

The annual investment advisory fee is based on a percentage of the assets under management according to the following schedule, which became effective on July 1, 2020:

Howland Capital Management Fee Schedule	Market Value
1.0% for the first \$1,000,000	< \$1M
.80% for the next \$1,000,000	\$1M - \$2M
.70% for the next \$1,000,000	\$2M - \$3M
.55% for the next \$1,000,000	\$3M - \$4M
.45% for the next \$1,000,000	\$4M - \$5M
.35% for the next \$10,000,000	\$5M - \$15M
.30% for amounts over \$15,000,000	>\$15M

Below is the fee calculation for an account with \$5,000,000 under management:

Howland Capital Management Sample Fee Calculation	Fee Amount
\$10.00 per \$1,000 for first \$1,000,000	\$10,000
\$8.00 per \$1,000 for the next \$1,000,000	\$8,000
\$7.00 per \$1,000 for the next \$1,000,000	\$7,000
\$5.50 per \$1,000 for the next \$1,000,000	\$5,500
\$4.50 per \$1,000 for the next \$1,000,000	<u>\$4,500</u>
<b>Total Annual Fee in dollars</b>	<b>\$35,000</b>
<b>As a percentage of assets</b>	<b>0.70%</b>

Some client relationships exist wherein the fees are affected by certain situations such as un-feed assets in a managed account or consolidation of assets across a household.

HCM also offers the following services for an hourly fee, which varies depending on kind of service and professional performing the work.

- Investment consulting
- Tax consulting
- Tax return preparation and filing
- Estate administration

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## **Fee Billing**

Investment advisory fees are billed quarterly, in arrears, meaning that the client is invoiced after the three-month billing period has ended. Fees are collected quarterly based on the valuation of the account made on the last business day of the quarterly cycle (last day of the third month), then billed on or around the 16<sup>th</sup> day of the following month.

Fees are typically deducted from the designated client account to facilitate collection. Upon request, a client can have the fees for group of accounts deducted from one account. Alternatively, a client can choose to be billed directly rather than have the fees deducted from an account. Payment in full is expected upon invoice presentation. Errors in fee calculation are rare because of regular monitoring, but in the event a management fee is overcharged to a client account, the client will be reimbursed the overcharged amount plus interest.

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## **Other Fees**

### **Miscellaneous Fees**

Some custodians charge fees for activities including the following: brokerage (i.e., purchases and sales of securities), wire transfers, principal and income accounting for irrevocable trusts and account closings. These fees are charged in addition to HCM's investment advisory fee.

The following annual administration fees are charged to these specific kinds of accounts: Charitable Remainder Trusts \$2,500, Insurance Trusts \$300 and Probate Accounting on Irrevocable Trusts \$150.

### **Fund Fees**

HCM uses mutual funds and exchange traded funds in small amounts in most client accounts. These funds charge a separate management fee, which is deducted from the net asset value of the funds and is paid by clients in addition to HCM's management fee.

### **Pooled Investment Vehicles - Fees**

HCM runs a number of pooled investment vehicles (PIVs), which are funds of funds.

There are three fees involved with HCM's PIVs:

1. As with any asset under management, HCM charges an investment advisory fee based on the market value of the assets in the account. The value of the PIV is included in the market value of the assets in the client's account.

The other two fees are included as part of the client's dollar commitment to a particular PIV:

2. HCM charges an administration fee that covers organizational legal, regulatory, tax and administrative expenses. Details on the calculation of this fee are provided in the PIV's offering documents.
3. The underlying funds in a PIV charge a management fee, which is outlined in the PIV's offering document. HCM does not charge a performance-based fee on any of the PIVs.

## **Item 6 - Performance-Based Fees**

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### **Sharing of Capital Gains**

Fees are not based on a share of the capital gains of managed securities.

HCM does not use a performance-based fee structure.

## **Item 7 – Types of Clients**

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### **Description**

HCM generally provides investment advice to

- Individuals and families
- Revocable and irrevocable trusts
- Retirement and pension accounts
- Custodial accounts and education trusts
- Foundations and charitable organizations
- Endowments for non-profits
- Estates
- HCM's PIVs

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

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### **Methods of Analysis**

Howland Capital employs a multi-faceted approach to securities analysis. All portfolio managers and research staff conduct securities research, including fundamental, macroeconomic, technical and credit analysis. Portfolio managers and the research team have regular weekly and bimonthly meetings where research is reviewed and discussed, and investment decisions are made.



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## Investment Strategies

HCM manages four model portfolios, each with varying risk parameters and return objectives. Asset allocation to stocks, bonds, and other asset classes varies for each model in accordance with certain risks and return objectives.

While the models help to ensure that HCM is following a consistent approach, HCM's client accounts don't always match these models precisely.

Factors such as those listed below explain deviation from a model at any given time:

- Timing and size of cash flows
- Dollar cost averaging strategies
- Client risk profiles that do not match a particular model
- Consideration of assets that are held in other accounts at HCM and/or outside of HCM
- Specific client instructions

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## Risk of Loss

All of HCM's investment programs have varying degrees risk, which can impact the value of an investment positively or negatively, depending on the facts and circumstances. It is important that clients and prospective clients understand that – just as their investments can experience gain – they can also experience loss. Risks that investments encounter include:

- Interest-Rate Risk: Fluctuations in interest rates may cause security prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- Market Risk: The price of an equity, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security issuer's particular circumstances. For example, political, economic and social conditions may trigger market events that affect security prices.
- Inflation Risk: When inflation is present, a dollar next year will buy less than a dollar today because over time, purchasing power declines at the rate of inflation.
- Exchange Rate Risk: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This kind of risk may be reflected in the value of a stock of a non-U.S. company or of a U.S. company with overseas sales and/or operations.
- Reinvestment Risk: Future proceeds from investments may be reinvested at a higher or lower rate of return. This risk primarily relates to fixed income securities.
- Business Risk: This risk is associated with a particular industry and company within the industry. For example, a mining company must first find a natural

resource to mine, remove it from the ground and process it before it can generate a profit. It is also dependent on demand for the natural resource, which can fluctuate depending on macroeconomic conditions. A mining company carries a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity regardless of the economic environment.

- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many investors and traders are interested in buying and selling them. For example, Treasury Bills are highly liquid and therefore less risky than real estate, which is less liquid.
- **Financial Risk:** Excessive borrowing to finance business operations increases the risk to profitability because the company must meet the terms of its debt obligations – including making interest payments – during good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

## **Item 9 - Disciplinary Information**

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### **Legal and Disciplinary**

HCM, its partners and employees are not involved in legal or disciplinary events that are material to the integrity of our firm.

## **Item 10 - Other Financial Industry Activities and Affiliations**

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Neither HCM nor any individual on its management team has an arrangement with a related person that is material to the firm or its clients.

## **Item 11 - Code of Ethics**

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### **Code of Ethics**

In accordance with the Investment Advisers Act of 1940 (“Advisers Act”), HCM has adopted a Code of Ethics (“Code”). Its purpose is to preclude activities that might lead to conflicts of interest, insider trading and other forms of prohibited or unethical business conduct. This Code is based upon the principle that HCM, its partners and employees have a fiduciary duty to conduct their affairs, including their personal securities transactions, in such a manner as to avoid serving their own interests ahead of those of their clients.

HCM finds merit in “eating our own cooking,” and its partners, employees and their household family members therefore have the ability to buy and sell securities that are traded in client accounts. HCM is aware that this situation could pose a conflict of interest and has policies and procedures in place to monitor personal transactions. These policies and procedures include:

- The use of securities lists that restrict personal trading at certain times.

- Quarterly reporting of covered securities transactions.
- Annual reporting of covered securities holdings.
- Annual review and attestation of HCM's Code of Ethics.

HCM's Code of Ethics is available for review by clients and prospective clients upon request.

## **Item 12 - Brokerage Practices**

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### **Selecting Brokerage Firms**

HCM generally has discretion over the placement of trades for its clients. In selecting brokers and placing orders, HCM considers a number of factors, including:

- The size and nature of the transaction
- The nature of the market for the security
- The broker's ability to execute a particular trade
- The broker's ability to achieve best execution
- The broker's specific industry expertise
- The quality of the broker's research provided to HCM

HCM does not receive fees or commissions from any of its broker arrangements. Additionally, HCM does not have any directed brokerage arrangements, nor does it have any affiliation with product sales firms.

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### **Best Execution**

In seeking best execution, HCM is not obligated to solicit competitive bids or offers for each transaction or to seek the lowest available commission cost, as long as HCM reasonably believes that the broker selected can be expected to obtain a "best execution" market price on the particular transaction and determines in good faith that the commission charge associated with the transaction is reasonable in relation to the value of the brokerage and research services provided by such broker to HCM.

HCM utilizes the services of an outside firm to analyze all equity trades each quarter. Their analyses help determine whether the brokers we utilize are able to achieve an execution price in line with those of other similar market participants at a given time.

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### **Soft Dollars**

HCM uses some broker research and other services (including analyst meetings and investor conferences) on a soft dollar commission basis. HCM's soft dollar policy is to make a good faith determination of the value of the research products or services in relation to the commissions paid. HCM's clients may or may not pay trading commissions, depending on their custodian. However, the broker research and services that HCM receives for soft dollar commissions benefit all clients because they enhance the firm's research process.

HCM also has a soft dollar arrangement with a third party that pays a portion of a specific research product. This soft dollar arrangement benefits HCM because it partially offsets the expense of the research product. It benefits clients because of the value the research product brings to HCM's research process.

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### **Order Aggregation**

In general, investment decisions for each client (or group of clients with a similar investment objective) are made independently from those of other clients and are made with specific reference to the individual needs and objectives of each client account (or group of client accounts). Because investment decisions usually affect more than one client account and sometimes more than one type of account and investment objective, client orders are often aggregated in order to increase best execution opportunities and trading efficiency.

HCM's Order Aggregation Procedure is designed to ensure that buy and sell opportunities that have been aggregated are allocated fairly among clients so that all clients are treated equitably, given their investment objectives.

## **Item 13 - Review of Accounts**

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### **Periodic Reviews**

Each client account is reviewed quarterly by the Portfolio Review Committee, which consists of HCM's portfolio managers. In addition, securities in accounts and asset allocations are reviewed at other times to determine whether they continue to meet the client's investment objectives and restrictions. Reviews outside those conducted by the Portfolio Review Committee take place both with and without the client.

Other conditions that could trigger a review include changes in the tax laws, new investment information or changes in a client's personal situation that would affect the Investment Policy Statement.

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### **Regular Reports**

Clients receive quarterly account statements from HCM identifying their assets under management, the value of the accounts at the beginning and end of the period and all transactions that occurred during the period. When HCM sends these reports to a client, it includes a letter that presents firm-wide investment activity during the period. Clients also receive the firm's quarterly *Economic and Market Commentary*, which recaps the activity in the major markets and provides a near-term outlook. Clients also receive separate quarterly statements directly from the custodian.

### **Pool Investors-**

Clients receive a quarterly statement from the custodian for each of the PIVs in which they participate. The statement identifies the underlying investments, their values at the beginning and end of the period and all transactions that occurred during the period. Annually, HCM prepares a balance sheet and a partners' letter for each PIV. The letter recaps the activity in, and outlook for the fund and is sent to each fund investor.

## **Item 14 - Client Referrals and Other Compensation**

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### **Referrals**

HCM has been fortunate to receive many client referrals over the years. The referrals have come from current clients, attorneys, accountants, brokers, partners, employees, personal friends of partners or employees and other similar sources.

In 2022, HCM had a one-time referral arrangement with a firm whose president and sole owner passed away in 2022. The firm referred clients to HCM as part of the wind up of its business. The referrals made were complete in a short period of time and no longer occur. In exchange for the referrals, HCM pays the firm a portion of the management fees it realizes from the referred clients. Payment will continue until 2027.

## **Item 15 - Custody**

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### **Account Statements**

Clients receive quarterly statements directly from their custodian in electronic or paper form, depending on their preference.

Clients are urged to compare the account statements they receive from the custodian to the account statements they receive from HCM.

## **Item 16 - Investment Discretion**

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### **Discretionary Authority for Trading**

HCM has discretionary authority to manage accounts on behalf of its clients and the authority to determine, without obtaining specific client consent, the securities and amounts of securities to be bought or sold. This authority is granted by clients when they sign HCM's Investment Advisory Agreement.

## **Item 17 - Voting Client Securities**

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### **Proxy Votes**

HCM votes proxies for securities over which it maintains discretionary authority, consistent with its Proxy Voting Policy. Clients have the option to opt out of having HCM vote proxies for them by indicating such in the Investment Advisory Agreement.

HCM has a policy that is designed to ensure that proxies are voted in the best interests of its clients. HCM considers the "best interests" of its clients to mean their best long-term economic interests.

Copies of the Proxy Voting Policy and information about how clients' proxies were voted are kept in either electronic or paper form and are available upon request.

## **Item 18 - Financial Information**

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### **Financial Condition**

HCM does not have any financial impairments that preclude it from meeting contractual commitments to clients.

HCM is not required to file a balance sheet.