

VIOLICH CAPITAL MANAGEMENT

INVESTMENT COUNSEL

Form ADV Part 2A (the “Brochure”)

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This brochure provides information about the qualifications and business practices of Violich Capital Management (“VCM” or “we”). If you have any questions about the contents of this brochure, please contact us at (415)217-4444. 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. VCM 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.

Item 2 – Material Changes

There have been no material changes to our Brochure since the initial filing in March 2011.

Currently, our brochure may be requested by contacting us at (415)217-4444.

Additional information about Violich Capital Management 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 Violich Capital Management who are registered, or are required to be registered, as investment adviser representatives of Violich Capital Management.

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Item 4 – Advisory

Violich Capital Management (formerly Paul A. Violich, Inc.) became a registered investment advisor in 1999. Our predecessor firm, Paul A. Violich, Inc., was formed in the 1970s as a personal services corporation and evolved into agricultural property management in the 1980s. In 2009, the agricultural interests and the investment advisory services portion of the firm were separated and Violich Capital Management was established. Violich Capital Management focuses solely on investment advisory services.

The firm is 100% employee-owned. The firm's owners are Paul A. Violich, Adam A. Violich and John J. Kolozsi.

Violich Capital Management (VCM) is a registered investment advisor (SEC File 801-56823) managing discretionary and nondiscretionary equity, balanced, fixed income and cash management accounts for taxable and non-taxable clients. We focus primarily on high net worth individuals, trusts, estates, individual and corporate pension and profit sharing plans, charitable organizations and private family foundations.

As of December 31, 2011 assets under management totaled \$582,445,535, representing 266 discretionary accounts and 90 clients.

Item 5 – Fees and Compensation

Fee Schedule
Incremental Annual Fee as a Percentage of Assets

<u>Balanced and Equity Accounts</u>	<u>Fee</u>
First \$2 million	0.80%
Next \$8 million	0.60%
Next \$10 million	0.50%
All over \$20 million	0.40%
 <u>Small Cap Accounts</u>	 <u>Fee</u>
First \$15 million	1.00%
Next \$10 million	0.90%
Next \$25 million	0.80%
All over \$50 million	0.75%
 <u>Fixed Income Accounts</u>	 <u>Fee</u>
First \$25 million	0.20%
All over \$25 million	0.15%

Fees are calculated and billed quarterly in arrears based on the market value of the assets under management on the last business day of each quarter. Clients may elect in writing to be billed directly for fees or may authorize VCM to directly debit fees from client accounts. Upon termination of any account, any earned, unpaid fees will be due and payable. VCM's investment management agreement includes thirty-day written termination notification clause and any final

fee will include a pro rata charge for terminating an account with less than thirty-day notice.

The foregoing describes VCM's basic fee schedules. In certain circumstances, fee schedules may be negotiated and arrangements with any particular client may vary from the above schedules. Such variations may affect the above fee schedules.

VCM's fees do not include brokerage commissions, transaction fees, and other related costs and expenses that may be incurred by the client. Clients are responsible for charges imposed by custodians and brokers, 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 VCM's fees, and VCM does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that VCM 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

VCM 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

VCM provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, charitable foundations and endowments. Generally, VCM does not accept new account relationships of less than \$500,000. We will, however, on occasion accept smaller account relationships.

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

Most of our clients' portfolios are invested in a conservatively weighted combination of large capitalization equities and fixed income securities. The balance of fixed income securities and large capitalization equities is based on each client's particular situation with the objective of protecting principal while achieving capital appreciation. We also provide a small capitalization equity strategy to a small number of clients who are willing to assume more risk for potentially higher returns.

Our investment strategy focuses on a blended top-down/bottom-up approach to construct an effective portfolio. Sector allocations are driven by the need for diversification, and tailored to macroeconomic factors and investment themes. Our security analysts seek to identify high quality companies through qualitative research and proprietary quantitative screening. Specifically, the firm's strategy stresses a disciplined valuation and screening process through a research-driven process. We place a strong emphasis on security selection and price discipline; and a diversified portfolio of investments. We emphasize a long-term investment

horizon. We do not engage in short selling or options trading. Our sell discipline is an ongoing assessment of a number of factors that may trigger the elimination of a stock from the portfolio.

Despite our conservative investment strategy, our clients and prospective clients should be aware that Investing in securities could involve a risk of loss of initial investment.

Item 9 – Disciplinary Information

We have nothing to disclose under this item. Neither VCM, its employees nor related persons has been involved in any legal or disciplinary events pertinent that are material to a client's or prospective client's evaluation of advisory business or the integrity of our management.

Item 10 – Other Financial Industry Activities and Affiliations.

VCM has entered into an arrangement with Charles Raven Capital Management (CRCM) under which CRCM provides advisory services to VCM on certain accounts on a sub-advisory or co-advisory basis. CRCM is a corporation owned entirely by Charles H. Raven. Mr. Raven is not an employee of VCM, but he is a member of VCM's Research Committee.

Item 11 – Code of Ethics

Code of Ethics. VCM seeks to foster and maintain a reputation for honesty, integrity and professionalism. That reputation is a vital business asset. The confidence and trust placed in VCM are highly valued and must be protected. As a result, VCM and its employees must not act or behave in any manner or engage in any activity that 1) creates even the suspicion or appearance of the misuse of material, nonpublic information by any employee, 2) gives rise to, or appears to give rise to, any breach of fiduciary duty owed to any client or investor, or 3) creates any actual or potential conflict of interest, or even the appearance of a conflict of interest.

VCM maintains a record of each employee's securities transactions which will include transactions in any accounts over which the employee has direct or indirect influence or control. VCM has developed the policies and procedures relating to personal trading in securities and the reporting of such personal trading in securities in order to ensure that each employee acts in a manner consistent with the firm's duties to its clients. A copy of the firm's code of ethics and business conduct is available by written request to VCM. All supervised persons at VCM must acknowledge the terms of the Code of Ethics annually, or as amended.

Item 12 – Brokerage Practices

Our clients grant VCM discretion over the selection and amount of securities to be bought or sold, without requiring client consent as to any particular transaction, subject to specified investment objectives and guidelines. VCM generally will have discretion to select the broker or dealer to be used, and the compensation to be paid, on a transaction-by-transaction basis. Securities may

be purchased from a market maker acting as principal on a net basis with no brokerage commission and may also be purchased from underwriters at prices that include compensation to the underwriters. VCM may aggregate the orders of some or all of its clients placed with a particular broker-dealer in order to facilitate orderly and efficient execution, giving each participating client the average price.

Soft dollars. VCM may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co. Inc. (Schwab) to maintain custody of clients' assets and to effect trades for their accounts. VCM is independently owned and operated and not affiliated with Schwab. Schwab provides VCM with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. These services generally are available to independent investment advisors on an unsolicited basis, at no charge to them so long as a total of at least \$10 million of the advisor's clients' assets are maintained in accounts at Schwab Institutional. Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For VCM's client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts. Schwab also makes available to VCM other products and services that benefit VCM but may not benefit from its clients' accounts. Some of these other products and services assist VCM in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts), provide research, pricing information and other market data, facilitate payment of VCM's fees from its clients' accounts, and assist with back-office functions, recordkeeping and client reporting. Many of these services generally may be used to service all or a substantial number of VCM's accounts, including accounts not maintained at Schwab Institutional. Schwab Institutional also makes available to VCM other services intended to help VCM manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to VCM by independent third parties.

Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third party providing these services to VCM. As a fiduciary, VCM endeavors to act in its clients' best interests; however, VCM's recommendation that clients maintain their assets in accounts at Schwab may be based in part on the benefit to VCM of the availability of some of the foregoing products and services and not solely on the nature, cost or quality of custody and brokerage services provided by Schwab, which may create a potential conflict of interest.

Aggregation and Allocation of Transactions. While each client account is managed individually, VCM often purchases and/or sells the same securities for several accounts at the same time. When practicable, VCM aggregates

contemporaneous transactions in the same securities for clients. When it does so, participating accounts are allocated the resulting securities or proceeds (and related transaction expenses) on an average price basis. VCM believes combining orders in this manner is advantageous to all parties. The average price resulting from any particular aggregated transaction could be less advantageous than if the client had been the only account effecting the transaction or had completed its transactions in the security before the other participants.

In some cases, VCM is not able to aggregate orders for all clients seeking to buy or sell the same security. VCM is unable to aggregate transactions executed through different brokerage firms. In addition, one or more clients may direct VCM to use a particular broker-dealer for some or all of that client's transactions, preventing VCM from aggregating that client's transactions executed with other broker-dealers. Clients whose transactions are filled after other clients' transactions may receive less favorable prices. Where VCM cannot aggregate all trades at a particular time, we maintain a random rotation among groups and subgroups of accounts. This rotation is intended to prevent VCM from favoring one account or one group of accounts.

Directed Brokerage. Some clients may instruct VCM to use one or more particular broker-dealers in managing their accounts. They may specify a particular amount of commissions to be sent to those broker-dealers, that all business should be directed to those broker-dealers, or merely that those broker-dealers should be used when all other considerations are equal. Directing the use of a particular broker-dealer prevents VCM from effectively negotiating brokerage compensation on a client's behalf or aggregating orders with other clients. This may result in the loss of possible advantages that are available to non-designating clients.

Custodian Recommendation. From time to time, VCM may recommend to clients who have not made arrangements for custodial services two or more custodians, including broker-dealers.

Item 13 – Review of Accounts

Purchases and sales for client accounts are reviewed weekly by the Research Committee to ensure that each portfolio is in compliance with VCM's strategy and client guidelines.

Quarterly, we provide each client with a portfolio appraisal summary. The summary includes inventory of securities, breakdown of cash, fixed income and equity securities, equity exposure by industry classification, and projected annual dividend income and current yield for each security. Written notification of security purchases and sales is provided within a few days of their occurrence.

Item 14 – Client Referrals and Other Compensation

We do not compensate any person directly or indirectly for client referrals.

Item 15 – Custody

Our clients' assets are held in custody by unaffiliated broker/dealers or banks. We have written authority from our clients to debit our quarterly investment management fees directly from their custodian bank or brokerage accounts. For this reason only, we are considered to have custody of our clients' assets. Custodian banks and brokerage firms send monthly statements directly to our clients. VCM encourages clients to review such statements and compare such official custodial records to the account statements that we may provide. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

VCM 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. Clients may place reasonable restrictions on our investment decisions regarding certain industries (e.g. tobacco).

Item 17 – Voting Client Securities

Proxy Voting policies and procedures. VCM has adopted and implemented policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interests of our clients. These policies and procedures are also intended to reflect SEC requirements governing advisors as well as the fiduciary standards and responsibilities for ERISA accounts established by the Department of Labor.

Proxy Voting Process:

- **Obtaining proxy materials.** We instruct client custodians to deliver proxy materials for the accounts of clients who have given us voting authority. Delivery is made to a service provider we have engaged as our voting agent and independent research consultant. Periodic reconciliation of holdings and ballots is designed to reveal any failure to deliver ballots for client holdings.
- **Determining the vote.** Members of our Research Committee have collaboratively establish a general statement of voting policy and specific voting positions on substantive proxy issues. The general policy and specific positions are generally intended to further the economic value of each investment for the expected holding period.
- **Voting.** Using the Internet, our voting agent posts the pending proxy notices and ballots as well as its analysis and recommendations. When circumstances suggest deviation from our established guidelines, the issue is discussed with appropriate members of the Research Committee before the vote is cast.
- **Maintaining records.** With the assistance of our voting agent, we maintain records of our policies and procedures, proxy statements received, votes cast, any documents we created material to our decision

making, and any client's written request for proxy voting records as well as our written response to any client request for such records.

Conflicts of interest. Any material conflict between our interests and those of a client will be resolved in the best interests of our client. In the event we become aware of such of a conflict, we will a) disclose the conflict and obtain the client's consent before voting the shares, b) vote in accordance with a pre-determined policy based on the independent analysis and recommendation of our voting agent, or c) make other voting arrangements consistent with our fiduciary obligations.

Shares not voted. Our procedures are reasonably designed to ensure that we vote every eligible share with the exception of shares domiciled in share blocking countries. Share blocking countries restrict share transactions for periods surrounding the meeting date. We have taken the position that share liquidity generally has a higher value than the vote and usually do not vote shares subject to restriction on transactions.

Obtaining additional information. We do not generally disclose our votes to third parties, but a report showing how we voted is available to our clients upon request. In addition, a copy of this disclosure, our general Proxy Voting Policy statement, and our detailed Custom Policy statement are available to our clients upon request.

Item 18 – Financial Information

VCM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and we have not been the subject of a bankruptcy proceeding.

Item 19 – Requirements for State-Registered Advisers

Not applicable.

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Form ADV Part 2B (the “Brochure Supplement”)

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Information Updated as of March 2012

This Brochure Supplement provides information about Paul A. Violich, Adam A. Violich, John J. Kolozsi and Alison B. Henry that supplements the Violich Capital Management Brochure previously provided to new and existing clients. Please contact us if you have any questions about the contents of this supplement.

Additional information about each of the above and our firm is available on the SEC’s website at www.adviserinfo.sec.gov.

Paul Anthony Violich, CFA¹, CIC²

Current Position: President, Chief Compliance Officer and Portfolio Manager

Educational Background and Business Experience

Stanford University: BA 1957

Stanford University: MBA 1962

Paul Violich entered the investment management profession as a security analyst in 1966 with Brundage, Story and Rose in New York City. In 1966 he joined Wentworth, Hauser and Violich as a portfolio manager and served as Chairman and Chief Executive Officer from 1980 to 1999. Paul Violich formed Violich Capital Management (formerly known as Paul A. Violich, Inc.) in 1999 and served as a sub-advisor to Wentworth, Hauser and Violich from 1999 through 2004. He was awarded the Chartered Investment Counsel designation by the Investment Counsel Association in 1976 and became a Chartered Financial Analyst in 1979. Born May 27, 1935.

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 each supervised person providing investment advice. No information for Paul Violich is applicable to this Item.

Other Business Activities

Paul Violich is not engaged in any other investment related business.

Additional Compensation

Paul Violich does not receive economic benefits from any person or entity other than Violich Capital Management in connection with the provision of investment advice to clients.

Supervision

As President and Chief Compliance Officer of Violich Capital Management, Paul Violich is not supervised but strictly adheres to our firm's Policies and Procedures and our firm's Code of Ethics. Paul Violich can be reached by calling the telephone number on the cover of this brochure supplement.

Requirements for State-Registered Advisers

Not applicable

¹ To earn a CFA charter, you must have four years of qualified investment work experience, become a member of CFA Institute, pledge to adhere to the CFA Institute Code of Ethics and Standards of Professional Conduct on an annual basis, apply for membership to a local CFA member society, and complete the CFA Program, which is organized into three levels, each

culminating in a six-hour exam. To learn more about the program, please visit www.cfainstitute.org.

² The Chartered Investment Counselor (CIC) charter is a professional designation created to recognize the qualifications of certain persons employed by Investment Adviser Association member firms. The CIC designation requires that candidates hold the Chartered Financial Analyst (CFA) designation. In addition, it requires candidates to have at least 5 cumulative years of experience in investment counseling and portfolio management. For more information, please visit <https://www.investmentadviser.org/eweb/dynamicpage.aspx?webcode=cic>.

Adam Anthony Violich

Current Position: Portfolio Manager and Security Analyst

Educational Background and Business Experience

Dartmouth College: BA 1991

Stanford University: MBA 1997

Adam Violich joined Bechtel Corporation in 1992 as an Environmental Engineer then transitioned to work directly with the Executive Committee to develop strategic initiatives for the company's business lines. Following graduation from business school, he joined Robertson, Stephens as an Associate and Manager in their Private Capital Group. In 1999 he joined E*Offering Corp. where he headed the Private Capital Group. He was responsible for sourcing, evaluating, marketing and structuring equity capital for private late-stage technology companies. Adam was subsequently employed by SG Cowen Securities as a Managing Director and headed the West Coast Private Equity Group. Adam joined Violich Capital in 2005 as a security analyst and portfolio manager. Born November 17, 1967.

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 each supervised person providing investment advice. No information for Adam Violich is applicable to this Item.

Other Business Activities

Adam Violich is not engaged in any other investment related business.

Additional Compensation

Adam Violich does not receive economic benefits from any person or entity other than Violich Capital Management in connection with the provision of investment advice to clients.

Supervision

Adam Violich's investment recommendations are supervised by Paul Violich, President and Chief Compliance Officer of Violich Capital Management. Adam Violich and Paul Violich can be reached by calling the telephone number on the cover of this brochure supplement.

Requirements for State-Registered Advisers

Not applicable

John James Kolozsi

Current Position: Portfolio Manager and Security Analyst

Educational Background and Business Experience

Ohio State University, BAE 1956; MSE 1958

Stanford University: MBA 1961

John Kolozsi was Assistant to the President of Rand Corporation in 1961 and 1962.. From 1962 through 1967, he was employed by North American Aviation as Administrator of Management Analysis and Management Information Systems. He joined White, Weld & Company as a Senior Security Analyst in 1967. He was appointed Vice President and Senior Security Analyst at Bank of America in 1972. John joined Wentworth, Hauser and Violich as Vice President and Security Analyst in 1981, and in 2005, joined Violich Capital Management as a security analyst and portfolio manager. Born July 13, 1931

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 each supervised person providing investment advice. No information for John James Kolozsi is applicable to this Item.

Other Business Activities

John Kolozsi is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of Violich Capital Management.

Additional Compensation

John Kolozsi does not receive economic benefits from any person or entity other than Violich Capital Management.

Supervision

John Kolozsi's investment recommendations are supervised by Adam Violich. John Kolozsi and Adam Violich can be reached by calling the telephone number on the cover of this brochure supplement.

Requirements for State-Registered Advisers

Not applicable

Alison Baylis Henry

Current Position: Security Analyst

Educational Background and Business Experience

Colorado College: BA 1999

Following graduation, Alison joined Bear, Stearns & Co. in New York as an equity research associate to cover Paper and Forest Products Industry and then the Wireless Communication and Data industry. In 2002, she joined Oppenheimer Capital as analyst focusing on large cap basic material and industrial companies. Alison joined Violich Capital in 2005 as a security analyst and assistant portfolio manager. Born July 1, 1977

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 each supervised person providing investment advice. No information for Alison Henry is applicable to this Item.

Other Business Activities

Alison Henry is not engaged in any other investment related business, and does not receive compensation in connection with any business activity outside of Violich Capital Management.

Additional Compensation

Alison Henry does not receive economic benefits from any person or entity other than Violich Capital Management.

Supervision

Alison Henry's investment recommendations are supervised by Adam Violich. Alison Henry and Adam Violich can be reached by calling the telephone number on the cover of this brochure supplement.

Requirements for State-Registered Advisers

Not applicable