



**HOLLAND**  
CAPITAL MANAGEMENT



## Form ADV Part 2A – Disclosure Brochure

# Holland Capital Management LLC

March 31, 2011

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This brochure provides information about the qualifications and business practices of Holland Capital Management LLC, an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this brochure, please contact us at 312.553.4830 or [info@hollandcap.com](mailto:info@hollandcap.com).

This information has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training. Additional information about Holland Capital Management LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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***ITEM 2: MATERIAL CHANGES***

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On July 28, 2010, the United States Securities and Exchange Commission (SEC) published “Amendments to Form ADV” which amends the Brochure (disclosure document) that we provide to clients as required by SEC Rules. This Brochure dated March 25, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Brochure is materially different in structure and requires certain new information that our previous Brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and will provide you with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

In the past we have offered or delivered information about our qualifications and business practices to our clients on at least an annual basis. Pursuant to new SEC rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We also may provide other ongoing disclosure information about material changes as necessary.

**As of March 31, 2011, Holland Capital Management LLC has no material changes to report.**

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#### *ITEM 4: ADVISORY BUSINESS*

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Holland Capital Management LLC (“Holland Capital”, the “Firm” or “we”), headquartered in Chicago, IL, is a U.S. equity and fixed income institutional investment management firm established in May 1991. It was registered with the SEC on May 2, 1991 as an investment adviser. The Firm, a minority business enterprise, is 100% employee-owned by eleven active employees and has no parent, subsidiary, or affiliates. The principal owner is Monica L. Walker, President, CEO and Chief Investment Officer.

Holland Capital offers a range of portfolio management services on a discretionary basis for institutional investors, namely, U.S. Equity Large Cap Growth, U.S. Equity Mid Cap Growth, U.S. Core Fixed Income, U.S. Government Intermediate Fixed Income and Short Term Fixed Income investment strategies. Holland Capital is also the investment adviser of the Lou Holland Growth Fund.

While we generally manage all of our equity accounts in the same manner, we do have clients that impose restrictions on certain stocks held in their portfolios which may include restrictions from owning companies whose revenues are derived from the sales of alcohol, tobacco, etc. Generally the restrictions do not cause the structure of these portfolios to vary significantly from our non-restricted portfolios. We compensate for the inability to own certain stocks by overweighting our favorite stocks and/or owning other stocks with similar security and/or sector characteristics.

For our fixed income accounts, clients may impose minimums on credit ratings for corporates and duration for the overall portfolio.

Holland Capital does not participate in any wrap fee programs.

As of February 28, 2011 the Firm had approximately \$2,256,900,000 in discretionary client assets under management.

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#### *ITEM 5: FEES AND COMPENSATION*

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##### **Equity Portfolios**

Most management fee arrangements that Holland Capital has entered into are asset based. However, we do offer performance-based fee arrangements, which is compensation that is based on a share of capital gains or capital appreciation of the assets of a client. Both asset-based and performance-based fees and account minimums are negotiable based upon a number of factors including responsibilities involved, relationship, account or groups of accounts which are

expected to have significant capital additions in the future, other special characteristics, size of account, etc. Under certain circumstances, receipt of performance-based compensation may be subject to client specified benchmarks. For our equity separate accounts, our maximum asset-based fee is .85%.

### **Fixed Income Portfolios**

The fixed income management fee arrangements that Holland Capital enters into are asset-based. Asset-based fees and account minimums are negotiable based upon a number of factors including responsibilities involved, relationship, account or groups of accounts which are expected to have significant capital additions in the future, other special characteristics, size of account, etc. For our fixed income separate account portfolios, our maximum asset-based fee is .30%.

In general, investment management fees are charged each quarter in arrears based on the average month end total market value of the assets in the client account (including net unrealized appreciation or depreciation of investments and cash, cash equivalents and accrued interest). If a new client account is established during a quarter or a client makes an addition to its account during a quarter, the investment management fee will be prorated for the number of days remaining in the quarter. If a client's investment management agreement is terminated or a withdrawal is made from a client account during a quarter, the fee payable to the Firm will be calculated based on the value of the assets on the termination date or withdrawal date and prorated for the number of days during the quarter in which the investment management arrangement was in effect. We have a small number of accounts for high net worth individuals that are held at Schwab Institutional Services. For these clients, we debit their accounts for the management fee (see **Item 15. Custody**).

In addition to paying investment management fees, client accounts will also be subject to other investment expenses such as brokerage fees, commissions and other transaction costs. Please refer to **Item 12. Brokerage Practices** of this Brochure for a discussion of the Firm's brokerage practices.

Client assets may be invested in ETF's or mutual funds. In these cases, the client will bear its pro rata share of the investment management fee and other fees of the fund, which are in addition to the investment management fee paid to the Firm.

No prepayment of fees is required.

### **Lou Holland Growth Fund**

The fees that Holland Capital receives from the Lou Holland Growth Fund, a series of Forum Funds, are for advisory services. These fees, which are often higher than our separate account fees, are described in detail in the Fund's prospectus. The Fund is managed in the same large cap growth style as the majority of Holland Capital's discretionary equity accounts. Clients may

purchase the Fund through brokers and agents that are not affiliated with us; however, Holland Capital's institutional clients generally prefer separately managed accounts, thus there is no incentive to recommend an investment in the Fund.

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### *ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT*

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Holland Capital and its investment personnel provide investment management services to multiple portfolios for multiple clients. We are paid performance-based compensation by certain client accounts. The Firm and its investment team share in performance-based compensation as well as asset-based fees, which are non-performance-based fees. In addition, certain client accounts may have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts. When Holland Capital and its investment team manage more than one client account, a potential exists for one client account to be favored over another client account and there is a greater incentive to favor client accounts that pay the Firm (and indirectly the investment team) performance-based compensation or higher fees.

We have adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. Holland Capital reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based on asset size (subject to client guidelines and restrictions) through the trade order management system and that, to the extent orders are aggregated, the client orders are price-averaged. Finally, our procedures also require the objective allocation for limited opportunities (such as initial public offerings) to ensure fair and equitable allocation among accounts. These areas are monitored by the Chief Compliance Officer.

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### *ITEM 7: TYPES OF CLIENTS*

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Holland Capital's clients consist of high net worth individuals, investment companies, pension and profit sharing plans, state and municipal government entities, unions, endowments, foundations and corporations.

The Firm imposes a minimum of \$5,000,000 to open an equity account and \$10,000,000 to open a fixed income account (these minimums are negotiable and can be waived; see **Item 5. Fees**

**and Compensation).** If the account size falls below the minimum requirement, a client will not be required to invest additional funds to meet the minimum account size.

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***ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES  
AND RISK OF LOSS***

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**Equity Strategy**

Holland Capital executes a high quality, conservative growth equity strategy fully invested in  $\pm 60$  stocks. The disciplined and consistent investment process incorporates specific investment criteria with a focus on companies with double digit earnings growth, reasonable valuations, strong financial condition, superior management teams, niche products or services that possess superior competitive positioning and significant insider ownership. Our security selection process is bottom-up based upon our analysts' fundamental internal and external research. The analysts write research reports that include quantitative and qualitative data and various valuation models. These reports identify two to three reasons why we should own the stock and two to three major reasons to consider selling the stock. The firm offers two investment strategies for institutional investors, *U.S. Equity Large Cap Growth* and *U.S. Equity Mid Cap Growth*.

**Team-Oriented Investment Process: *Investment Policy Committee (IPC)***

We execute our investment process using a team-oriented approach. Our Investment Policy Committee (IPC) identifies stocks and structures and evaluates portfolios, making changes based on majority rule. The team consists of Monica Walker, CEO & CIO-Equity, Carl Bhatena, Co-Portfolio Manager/Senior Equity Analyst and four senior investment analysts, with Ms. Walker having final veto authority. The two portfolio managers have additional top-down and risk control oversight. Each of our senior investment analysts has one major and one minor area of sector coverage.

**Our Core Competency: *Disciplined, Consistent Bottom-Up Research***

Substantially all of our research is generated in-house. We use bottom-up fundamental research to identify stocks that meet our investment criteria and we strive to fully understand how each stock fits within its respective industry group, sector, and overall portfolio construction. This thorough process applies to new ideas as well as current holdings and stocks of interest. We take an encompassing approach, but place additional focus on key drivers and risks for each stock. We evaluate management's historical track record and future prospects for success and we generally have contact with the management teams of the companies whose equity we hold.

In addition to individual stock analysis and research, our process includes a top-down overlay. We do not make specific predictions regarding the economy or interest rates.

However, we analyze the current environment to understand whether the direction of these factors may have a material impact on the portfolio.

### **Long-Term Investment Time Horizon: *A Complete Market Cycle***

We have a long-term investment time horizon. Our team-oriented approach and thorough bottom-up research process supports long-term investment decisions. By better understanding an individual stock and its' respective industry group and sector, we believe we are able to identify stocks that outperform a benchmark over a longer period of time. Our long-term focus also allows us to invest in 'themes' which play out over the course of many years – for instance, stocks that benefit from increasing global demand for energy. However, as conservative investors, we are very sensitive to risk. While our turnover is historically low, stocks that violate our philosophy, no longer meet our mandate, or where we no longer are comfortable with management, will be reduced or sold.

Holland Capital's equity portfolios are constructed not only with the objective of maximizing return, but also of controlling risk. The principal quantitative tool used to monitor portfolio risk is BNY Mellon Performance & Risk Analytics for the analysis of portfolio characteristics and attribution. We maintain prudent risk controls which mandate trimming or selling an equity issue when it reaches our valuation metrics or when the relative size of the holding approaches 5% of the portfolio.

We have identified and prioritized the following general risks with regard to our equity strategy:

- stock-specific risk
- portfolio concentration risk
- sector-specific risk
- client guideline risk

Our equity investment process employs rigorous, fundamental bottom-up research combined with top-down theme identification, and a team approach to manage and mitigate stock- and sector-specific risk. However, no team or process can prevent risk in total regardless of its abilities or discipline. The probability of a stock-specific risk occurring is meaningful since no portfolio manager or investment analyst can avoid stock blow-ups indefinitely, despite solid fundamental research and adherence to sound principles. However, we seek to mitigate and manage these risks by ensuring qualitatively and quantitatively, through individual and team structures, that individual security selection employs rigorous fundamental, bottom-up research. We overlay top-down research and theme identification on this fundamental research as well.

Individual analysts contribute to managing stock-specific risk by selecting stocks for presentation which are consistent with the company's conservative growth strategy. In doing so, we try to avoid valuation-related risks by performing quantitative and qualitative research on our prospective and current portfolio holdings. No individual stock enters the portfolio without



meeting the company's investment criteria and receiving a majority vote by the IPC. Similarly, no equity is included in our portfolios without meeting the clients' guidelines and expectations as it relates to our agreed upon fiduciary responsibilities and investment philosophy.

The value of equity securities fluctuates in response to issuer, political, market, and economic developments. Fluctuations can be dramatic over the short as well as long term, and different parts of the market and different types of equity securities can react differently to these developments. For example, large cap stocks can react differently from small cap stocks, and "growth" stocks can react differently from "value" stocks. Issuer, political, or economic developments can affect a single issuer, issuers within an industry or economic sector or geographic region, or the market as a whole. Changes in the financial condition of a single issuer can impact the market as a whole. Terrorism and related geo-political risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally.

### **Fixed Income Strategy**

Holland Capital executes a core active U.S. fixed income strategy that is grounded in fundamental research with a "top-down" conservative approach to risk management where parameters are established to manage and avoid extreme shifts in portfolio risk. Duration can range between plus or minus 25% of the benchmark duration over a complete interest rate cycle. Sector weightings can range between plus or minus 25% to 50% of benchmark sector weightings over a credit cycle. Security selection is limited to 2% in any one credit to achieve broad diversification with an emphasis on quality and liquidity. Portfolio strategies and decisions are based on the Investment Policy Committee's outlook on the direction of interest rates and sector spreads on a secular and cyclical basis. The firm's core active strategy is applied to short, intermediate and normal duration portfolios. All accounts with similar objectives will be managed in the same manner.

The key risks of our Fixed Income portfolios are duration, a measurement of sensitivity to changes in interest rates, yield curve positioning reflecting expectations as it relates to changes the shape of the yield curve, sector weighting reflecting sector spread expectations and security selection reflecting performance expectations relative to other similar securities. Since its inception, the firm's fixed income approach is best described as risk averse when determining strategies as it relates to the portfolio's structure, i.e., duration, sector weightings, yield curve positioning and security selection.

Investment in fixed-income and debt securities such as bonds and notes of the U.S. Government, U.S. Agencies, Corporates and Mortgage-Backed, Asset-Backed and Commercial Mortgage-Backed securities, subject client portfolios to the risk that the value of these securities overall will decline because of rising interest rates. Similarly, portfolios that hold such securities are subject to the risk that the portfolio's income will decline because of falling interest rates. Investments in these types of securities will also be subject to default risk created when a debt issuer fails to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that debt to decline. Lastly,

investments in debt securities will also subject investments to the risk that less liquid and lower rated securities may fluctuate more in price than higher-rated securities because issuers of lower-rated debt securities are not as strong financially, and are more likely to encounter financial difficulties and be more vulnerable to adverse changes in the economy.

In November 2010, Holland Capital Management entered into a joint venture with Ramirez Asset Management, a registered investment adviser with offices in Chicago and New York, to combine the institutional fixed income asset management resources of the two firms, drawing on the joint research, systems and portfolio management capabilities of each firm to provide clients with superior product and service. The senior investment professions from both organizations will jointly participate on an Investment Policy Committee which will formulate a broad strategy. Implementation will begin in January 2011.

*These strategies and the investments involve risk of loss to clients and clients must be prepared to bear the loss of their entire investment.*

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#### *ITEM 9: DISCIPLINARY INFORMATION*

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This item is not applicable.

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#### *ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS*

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##### **Broker-Dealer Registration Status**

Monica Walker, President & CEO, and Carl Bhathena, Co-Portfolio Manager, are registered representatives of Foreside Fund Services, LLC. Foreside is the distributor for the Lou Holland Growth Fund, a series of the Forum Funds, to which Holland Capital serves as the investment adviser.

##### **Material Relationships or Arrangements with Industry Participants**

Holland Capital Management is the investment adviser to the Lou Holland Growth Fund, a registered investment company, and receives management fees from this relationship. The relationship does not create a conflict of interest with those clients whose accounts are managed with the same large cap growth strategy as the Fund because they are institutions whose mandates (size and portfolio restrictions) require separate accounts.

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***ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT  
TRANSACTIONS AND PERSONAL TRADING***

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Holland Capital has adopted a Code of Ethics (the “Code”) expressing the firm’s commitment to ethical conduct. All employees are subject to the Code. Employees may buy or sell securities for their personal accounts that may be identical to or different than those recommended to clients. It is the expressed policy of Holland Capital that no person employed shall put his or her own interest before that of an advisory client. The Code requires that our officers and employees obtain prior approval from the Chief Compliance Officer and comply with the firm’s blackout period and short-term trading restrictions before acquiring any security in which he or she has, or by reason of such transaction acquires, any direct or indirect Beneficial Ownership interest. The Code applies to all employees with specific policies and procedures for the identification and management of conflicts of interest in the areas of personal trading, proxy voting, insider trading, and gifts and entertainment.

Clients or prospective clients may obtain a copy of the Code by contacting Susan Chamberlain, Chief Compliance Officer (“CCO”), by email at [schamberlain@hollandcap.com](mailto:schamberlain@hollandcap.com), or by telephone at 312-553-4844.

Because Holland Capital’s employees are allowed to invest in the same securities held by its clients, such practices may present a conflict where, because of the information an adviser has, the adviser or its employees are in a position to trade in a manner that could adversely affect clients (e.g., place their own trades before or after client trades are executed in order to benefit from any price movements due to the clients’ trades). These practices by our employees may also harm clients by adversely affecting the price at which the clients’ trades are executed. Consequently, Holland Capital has adopted the following procedures in an effort to minimize such conflicts:

Employees and their family members are required to strictly adhere to Holland Capital’s policies and procedures regarding personal securities transactions which include obtaining prior written approval from the CCO before purchasing or selling any security that can be held in a client account;

Enforcement of “blackout periods” which prevent an employee from trading the same security contemporaneously with a client;

Prohibition on acquiring any securities in an initial public offering;

Prohibition on selling a security short that is owned in any client account; and

Restriction from short-term trading defined as selling within 30 days of purchase or purchasing within 30 days of sale.

All employees and their family members are required to disclose and certify their securities transactions on a quarterly basis and holdings on an annual basis. The CCO’s approval is required for employees to open new brokerage accounts.

Holland Capital, in the course of its investment management activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which it or its related persons have invested or seek to invest on behalf of clients. Holland Capital is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. We maintain and enforce written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that it is meeting our obligations to clients and remain in compliance with applicable law. In certain circumstances, we may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but we will be prohibited from communicating such information to the client or using such information for the client's benefit.

The Code imposes limits on gifts and entertainment to ensure that there is no appearance of conflict or impropriety. All gifts and business entertainment are required to be reported quarterly.

Beginning in 2011, the Code will impose restrictions on Holland Capital's and its employees' political contributions to comply with the new "pay-to-play" rule.

Holland Capital does not have any financial interest in any client transactions.

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### ***ITEM 12: BROKERAGE PRACTICES***

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Holland Capital maintains an Approved Broker List and executes trades only with brokers on the list. Brokers are evaluated by weighing such factors as financial condition, level of trading expertise and capability, infrastructure, alternative trading options resulting from technology developments and market changes, ability to provide research that benefits the investment process, and commission rates charged. Holland Capital may also consider a broker's ability to accommodate special transaction needs such as client requests to direct commissions. In selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation, we do not have an obligation to seek the lowest available commission cost. We will periodically monitor and evaluate the cost and quality of broker executions and service, and direct orders on the basis of the results of such monitoring and evaluation.

Holland Capital may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients. Such arrangements may result in the provision to the Firm of services for which it might otherwise be obliged to pay from its own funds. This creates an incentive for us to select or recommend a broker-dealer based on our interest in receiving those products and services rather than best execution.

Holland Capital receives research services that are covered by the safe harbor provided under Section 28(e) of the Securities Exchange Act of 1934 and are in accordance with the SEC's 2006 interpretive guidance regarding client commission practices. The services Holland Capital receives from brokers include a wide variety of investment research information and services, written and oral reports and analyses from brokerage firms on companies, industries or market segments, compilations of company or security data, market information and attendance at conferences and seminars on investment topics. Certain of these research services are proprietary to the broker that provides them, while others, such as FactSet, and Bloomberg are produced by third parties, but provided to Holland Capital by a broker. Where a service is produced by a third party, but provided to us by a broker, the broker generally requests a specific dollar amount of commissions for such service. Third-party services also may be purchased for cash directly from the third parties that produce them. There generally is no specific dollar amount of commissions associated with the provision by brokers of proprietary research information and services. We endeavor to direct commissions in amounts sufficient to ensure continued receipt of proprietary research services we believe to be of value in making investment decisions for advisory clients.

With respect to research services, the Investment Policy Committee, which is comprised of analysts, portfolio managers and the Chief Investment Officer, establishes and reviews at least quarterly the allocation of commissions paid for the execution of client transactions to brokers that provide research services to us, ranking brokers based on their execution and the value of the research services they provide. These rankings are used as one factor in our selection of brokers to effect transactions for client accounts.

Holland Capital is subject to conflicts of interest in allocating commissions paid by clients on transactions for their accounts to brokers that provide research services to us.

Research services provided to Holland Capital by brokers to which we direct client commissions may be used by us in making investment decisions for any or all of our client accounts, and the use of a particular service by us is not limited to, and may not be used at all in making decisions for, the accounts of clients whose transactions are directed to the broker providing the research service.

Some third-party services may be used by Holland Capital both for investment research purposes and for non-research purposes ("mixed-use") such as presentations to prospective clients or reports to existing clients on their portfolios. Where we use such a service both for research and for non-research purposes, we make a good faith allocation of the cost of such service between the research and non-research uses of the service. The portion of the cost allocable to non-research use of the service is paid by us, while the portion allocable to investment research use may be paid by the direction of commissions on client transactions to the broker providing the service. We are subject to a further conflict of interest in allocating the cost of services that have both research and non-research uses, which we endeavor to resolve through making such allocations in good faith.

During Holland Capital's last fiscal year, as a result of client brokerage commissions (or

markups or markdowns), we acquired proprietary broker research and, through third-parties, Bloomberg, FactSet and miscellaneous data.

It is Holland Capital's policy to seek best price and favorable execution of client transactions considering all circumstances. We seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. However, when we attempt to honor specific direction from a client regarding brokerage for their account, including use of a specific broker or brokerage firm, maximum brokerage commissions that may be charged for orders for that client's account, or execution with a certain type or category of brokerage firm, e.g., minority or woman- owned, we may not be able to obtain "best execution" for that client. When we honor these directions, orders for the accounts of the directing clients cannot be aggregated and may be placed later than orders for the accounts of other clients, may be on the same or other side of the market for the same or similar securities, and the purchase price paid or sale price realized and the brokerage commission paid by the directing client may not be as favorable as those paid, received or paid by our other clients. To the extent that client directed brokerage is often not available to support soft dollar arrangements, clients who give us brokerage discretion will support a disproportionate share of the Firm's soft dollar arrangements.

Holland Capital's policy is to aggregate discretionary client transactions where possible when advantageous to clients, when not favoring certain clients over others and where consistent with best execution. In such cases, the average price of securities purchased or sold contemporaneously will be the same for each account participating in the aggregated order. Transaction costs will be shared on a pro rata basis by all participating accounts, except that no account will be required to pay an amount in excess of transaction costs, if any, specified in the client's investment advisory agreement. Holland Capital may aggregate trades for execution and request that the executing broker "step-out" a portion of the aggregated trade. No client will be disadvantaged as the result of trade aggregation.

Holland Capital has formed a Best Execution Committee that meets on a regular basis, typically quarterly, to monitor the broker dealers used to execute client trades, review client directed brokerage goals and evaluate its soft dollar practices. The Committee generally consists of representatives from trading, operations, compliance, portfolio management and other officers and employees as may be necessary.

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### ***ITEM 13: REVIEW OF ACCOUNTS***

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In order to ensure compliance with client investment objectives and guidelines, accounts are continually reviewed by the Portfolio Managers and the trading desk. The trading desk maintains a guideline restrictions report across all client portfolios, which is updated as needed and monitored by the Portfolio Managers. Each Monday, the trader sends a report to the Portfolio Managers and Chief Compliance Officer of account status with regard to guidelines and/or

restrictions.

Each account is reviewed by a Portfolio Manager and trader prior and subsequent to a trading program or change to investment strategy to ensure compliance with both strategy and client investment guidelines. Additionally, our Chief Compliance Officer performs a periodic review of compliance with each client's respective investment guidelines.

We routinely prepare reports for many of our clients, which offer succinct narrative explanations and descriptions of our investment strategy and performance results. This remains an important element of our client service effort. These reports are often customized for clients based on their requirements.

We provide written investment reports to our clients, typically within three weeks after each quarter end (unless the client has specified a different frequency). Client reports include a summary of performance, portfolio characteristics, current investment strategy and market outlook as well as a portfolio summary and appraisal. Reporting may be provided via e-mail and/or in hard copy.

Holland Capital's portfolio managers also write quarterly commentaries or newsletters which include analysis of the most recent period market behavior, performance of the firm's portfolio strategies and an outlook for the market in the coming period. The commentaries are customized to specific client portfolios, as required, and the respective composite strategy performance commentaries are published to the firm's web site. Additionally, we prepare fact sheets for our equity and fixed income composites which include current performance and portfolio statistics. This is available on the firm's web site and is also available in a PDF format.

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#### *ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION*

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Holland Capital receives certain research or other products or services from broker-dealers through "soft-dollar" arrangements. These "soft-dollar" arrangements create an incentive for us to select or recommend broker-dealers based on the our interest in receiving the research or other products or services; it may result in the selection of a broker-dealer on the basis of considerations that are not limited to the lowest commission rates and may result in higher transaction costs than would otherwise be obtainable by us on behalf of our clients. Please see **Item 12. Brokerage Practices** for further information on our "soft-dollar" practices, including our procedures for addressing conflicts of interest that arise from such practices.



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### *ITEM 15: CUSTODY*

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Clients whose custodian is Schwab Institutional Services have authorized Holland Capital to deduct advisory fees from their accounts. The Firm also sends quarterly statements directly to clients in addition to those sent by Schwab. Clients should compare any quarterly statements they receive from Schwab with those received from Holland Capital.

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### *ITEM 16: INVESTMENT DISCRETION*

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Holland Capital provides investment advisory services on a discretionary basis to clients. Please see **Item 4. Advisory Business** for a description of any limitations clients may place on our discretionary authority.

Prior to assuming discretion in managing a client's assets, Holland Capital enters into an investment management agreement that sets forth the scope of our discretion.

Unless otherwise instructed or directed by a discretionary client, Holland Capital has the authority to determine (i) the securities to be purchased and sold for the client account (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines) (ii) the amount of securities to be purchased or sold for the client account. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held. Our portfolio managers submit an allocation statement to the trading desk describing the allocation of securities to (or from) client accounts for each trade/order submitted. The portfolio managers may consider the following factors, among others, in allocating securities among clients: (i) client investment objectives and strategies; (ii) client risk profiles; (iii) tax status and restrictions placed on a client's portfolio by the client or by applicable law; (iv) size of the client account; (v) nature and liquidity of the security to be allocated; (vi) size of available position; (vii) current market conditions; and (viii) account liquidity, account requirements for liquidity and timing of cash flows. Although it is our policy to allocate investment opportunities to eligible client accounts on a pro rata basis (based on the value of the assets of each participating account relative to value of the assets of all participating accounts), these factors may lead a portfolio manager to allocate securities to client accounts in varying amounts. Even client accounts that are typically managed on a pari passu basis may from time to time receive differing allocations of securities based on total assets of each account eligible to invest in the particular investment type (e.g., equities) divided by the total assets of all accounts eligible to invest in the particular investment.



If it appears that a trade error has occurred, Holland Capital will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, our error correction procedure is to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. Holland Capital has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy.

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***ITEM 17: VOTING CLIENT SECURITIES***

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Holland Capital has adopted Proxy Voting Policies and Procedures ("Guidelines") setting forth how it will vote on behalf of each advisory client that delegates proxy voting authority to us. We have retained a third-party proxy agent for the purpose of receiving, cataloging, voting and reporting proxies and for proxy research. If a client requests authority to vote shares owned by it, generally or in a specific situation, we will honor such request. Otherwise, Holland Capital will vote proxies pursuant to the Guidelines as administered by its Investment Policy Committee. The Investment Policy Committee consists of the firm's securities analysts, portfolio managers and Chief Investment Officer. The Guidelines set forth our voting policies in general, in certain specified situations and where there is a conflict of interest between Holland Capital and the client.

Clients may request copies of the Guidelines and a statement as to how we voted proxies for securities in their account. Holland's Guidelines are subject to change. For a copy of our current Guidelines, please contact Susan Chamberlain, Chief Compliance Officer, via e-mail at [schamberlain@hollandcap.com](mailto:schamberlain@hollandcap.com), or telephone at 312-553-4844.

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***ITEM 18: FINANCIAL INFORMATION***

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This item is not applicable.