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**FORM ADV PART 2A.
BROCHURE**

This brochure provides information about the qualifications and business practices of Horan Capital Management, LLC. If you have any questions about the contents of this brochure, please contact us at 410-494-4380. 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.

Additional information about Horan Capital Management, LLC is also available on the SEC's website at www.adviserinfo.sec.gov. The searchable IARD/CRD number for Horan Capital Management, LLC is 106415.

Horan Capital Management, LLC is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

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Advisory Business

Form ADV Part 2A, Item 4

Horan Capital Management, LLC's registration was granted by the United States Securities and Exchange Commission on March 23, 1995. Patrick Joseph Horan (CRD Number 1034085) is the Managing Partner of the firm and owns 75% or more of the equity of the firm. Paul Joseph Piccone (CRD Number 5848348) is the Chief Compliance Officer of the firm. John Gordon Heinlein (CRD No. 2255057) owns 10% of the equity of the firm. The firm does not sponsor any wrap programs. As of December 31, 2010, the firm managed, on a discretionary basis, \$341,965,370, which represented 1335 accounts. Client assets are managed on an individualized basis. Clients may impose restrictions on their accounts.

HCM provides investment supervisory services ("Asset Management") on a discretionary basis, which is the daily monitoring for portfolios of mutual funds, closed end funds, stocks, bonds, government securities and REITs

For Asset Management an initial interview and data gathering questionnaire is undertaken to determine the client's individual needs and risk tolerance. Annually, the advisory affiliate will request current financial status information from the client to determine if there have been any changes in the client's financial situation. Clients may call in at any time during normal business hours to discuss directly with the advisory affiliate about the client's account, financial situation, or investment needs. Clients will receive transaction statements as trades occur during the month, a month end statement on their brokerage account and quarterly statement of the account. HCM prepares a Quarterly Performance Report, which is mailed quarterly to the client.

The client will have a direct and beneficial interest in his securities, rather than an undivided interest in a pool of securities. Clients have the ability to leave standing instructions with the advisory affiliate to refrain from investing in particular industries, or invest in limited amounts of securities. HCM reserves the right to limit these restrictions based on our ability to execute the instructions properly.

HCM provides Financial Plans consistent with the individual client's financial and tax status and risk/reward objectives. Planning generally is comprehensive, or may be "segmented" if/as specified by client focus on investments, insurance, taxes and/or estate planning.

On occasion we hold seminars. These seminars may include presentations on various securities and insurance products, or financial planning and investment strategies. We may charge a fee of up to \$250 per person.

Fees for a Financial Plan are computed at the hourly rate of \$200 for Certified Financial Planners ("CFP") and Chartered Financial Analysts (CFAs") and \$100 per hour for planning analysts. The minimum fee for a financial plan is \$1,500; the average plan is \$3000-\$4000. Half of the estimated fee is payable in advance, with the balance due and payable upon delivery of the plan.

HCM provides asset management services to a variety of end users (clients), sometimes through intermediaries such as other financial advisers, institutions (trusts and/or brokerage firms) and full service or discount stock brokers. Because such end user (client) may either be serviced by HCM directly or alternatively through these various intermediaries, the nature, scope, composition and/or level of fees charged by HCM for asset management services will vary due to the fact that differing parties shall deliver ongoing client service and/or investment advice. By reason of these various arrangements with intermediaries, the fee charged for asset management services shall vary depending on the account size program arrangements with such intermediaries. As such, the fee range for asset management is generally between 1.25% and 2.00% annually depending on the various above set forth factors involved. This is the range for fees paid directly to HCM and other fees such as transaction costs (trading commissions) which may be incurred by the client at the respective

custodial or brokerage firm.

Actual, agreed upon fees due, owing and payable to HCM for asset management services are outlined in the Client Agreement which each client executes as a prerequisite to the engagement of the firm.

The fees for AM will be payable quarterly in advance. Payment is due when the custodian receives assets for AM Pro rata adjustments will be computed for assets received or withdrawn from management, between billing dates, and adjusted on the subsequent billing statement. Fees are due and will be assessed on the first day of each calendar quarter (i.e. January 1, April 1, July 1 and October 1) based on the value of the portfolio as of the last business day of the previous calendar quarter.

Payment of fees may be paid directly by the clients; or the custodian holding the client's funds and securities may make payment of fees. However, three criteria must be met when payment is made by the custodian (1) the client provides written authorization permitting the fees to be paid directly from the client's account held by the independent custodian, (2) HCM sends to the client and the custodian at the same time, a bill showing the amount of the fee, the value of the client's assets on which the fee was based, and the specific manner in which the fee was calculated, and (3) the custodian agrees to send to the client a statement, at least quarterly, indicating all amounts disbursed from the account including the amount of advisory fees paid directly to HCM.

HCM does not and will not have custody of client's funds or securities. Fees are not collected for services to be performed more than six months in advance.

The client may terminate the Agreement without penalty (full refund of advisory fees) within five business days of signature. The refund does not apply to any transaction fees or market fluctuations. Fees will be adjusted and pro-rated for work performed and unearned fees to be rebated.

After the first five days for Financial Planning, individual consultations, the client may terminate the Agreement at any time and a refund of the unearned fees will be made based on time and effort expended before termination. The Agreement for Financial Planning or individual consultations terminates upon delivery of the services. At this time no refunds will be made and all fees are due and payable.

After the first five days of Asset Management services will continue until either party terminates the Agreement on two business days' written notice. If termination occurs prior to the end of a calendar quarter, a pro-rata refund of unearned fees will be made to the client.

Fees and Compensation

Form ADV Part 2A, Item 5

See Item 4, above.

Performance-Based Fees and Side-By-Side Management

Form ADV Part 2A, Item 6

Firm may assess a performance based fee to a "Qualified Client", as that term is defined by Section 205 of The Investment Advisers Act of 1940, as amended. ``Performance fees are assessed annually in arrears at each anniversary date, defined as the end-of-quarter after the portfolio open date. This fee is due from Client only if performance during the calculation period exceeds that of the agreed upon benchmark AND the portfolio is profitable (before and after applying the performance fee) since the last performance fee date or since inception (if no performance fee has been paid yet). The first reporting period may be longer than twelve months. If a performance fee is not collected for an anniversary date, the calculation period carries over to the following year.

The performance fee is calculated by multiplying excess performance by the performance fee basis. Excess performance is calculated by the variance between Client's portfolio actual value (including unrealized gains) and the benchmark portfolio value. The performance fee basis is based on the portfolio's average capital base during the calculation period. Performance fees on the first \$5 million average capital base are assessed at 20% of excess performance. The next \$5 million (from \$5 to \$10 million) is billed at 10% of excess performance. Performance fees on portfolios over \$10 million are negotiable. Should the benchmark portfolio's value be negative while Client's portfolio performance is positive for a calculation period, actual performance fees can exceed 20% of the absolute return.

Performance fee arrangements may create incentives for an advisor to engage in riskier and more speculative investments. To prevent that situation from occurring, maximums on performance fees will be established based on the portfolio's average capital base during the calculation period. The performance fee cannot exceed 4.00% on the first \$5 million per period of average capital. The fee cannot exceed 2.00% on the next \$5 million (from \$5 to \$10 million) per period. Maximum performance fees on portfolios over \$10 million are negotiable. Pursuant to Rule 205-3 promulgated under the Investment Advisers Act of 1940, as amended, a "Qualified Client" must have a portfolio of at least \$750,000 under asset management OR a net worth of at least \$1.5 million at the time of Agreement. Furthermore, it is a requirement that Client has at least \$1,000,000 of assets placed with HCM in order to be eligible for this performance fee payment structure.

Types of Clients

Form ADV Part 2A, Item 7

Types of Clients

Individuals, pension plans, profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Conditions for Managing Accounts

We would recommend that Asset Management clients start with a minimum portfolio of \$500,000, but at our discretion we may open smaller accounts. There is no recommended minimum for clients retaining financial planning or consulting services. If an account has a margin balance, the balance must be settled before the account is transferred under our management.

Methods of Analysis, Investment Strategies and Risk of Loss

Form ADV Part 2A, Item 8

Methods of Securities Analysis

We evaluate the client's investments to determine whether they correspond with his/her financial objectives. We design and propose a portfolio to help clients attain their financial goals. HCM uses fundamental analysis to determine acceptable investments for client portfolios. Asset allocation can be used to create proper diversification of asset classes (depending on investment objective) to minimize risk and maximize returns within a client's risk tolerance. HCM may use mutual funds or separate account managers or third party money managers to accomplish asset allocation. We also offer non-diversified (in terms of multiple asset classes), single asset class portfolios. Clients should maintain a long-term outlook on investing due to day-to-day market volatility.

By its nature, Financial Planning looks at the long-term. After we evaluate the client's short-term cash needs and emergency fund, we design investment and insurance (life, health and disability) strategies to help the client achieve his or her financial goals. HCM does not sell any insurance products. Casualty insurance (homeowner's, auto, liability, etc.) is not included in the financial plan and should be reviewed by an outsider casualty firm of the client's choosing.

Investment Strategies

Long term purchases (securities held at least a year), short term purchases (securities held less than a year), Trading, Margin transactions and option writing on limited basis.

Risk of Loss

Investing in securities carry a risk of loss which clients must be prepared to bear.

Disciplinary Information

Form ADV Part 2A, Item 9

None.

Other Financial Industry Activities and Affiliations

Form ADV Part 2A, Item 10

Horan Capital Management will outsource options trading activity to Burke-Leslie Professional Asset Management, LLC, 119 Rose Briar Drive, Longwood, Florida 32750, SEC File No. 801-70605, CD No. 151136. Horan Capital Management will be responsible for collecting advisory fees, invoicing, performance reporting and client service.

Horan Capital Management acts in an administrative capacity on behalf of The Danforth Associates, Inc., an SEC registered investment adviser, registered at SEC File Number 801-1675, CRD Number 107781. We provide back office solutions on their behalf, including portfolio management, billing and account reporting.

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

Form ADV Part 2A, Item 11

The firm has adopted a written Code of Ethics in accordance with SEC Rule 204A-1. The Code of Ethics, among other things, sets forth specific duties and obligations under the federal securities laws with which associated persons must comply. The Chief Compliance Officer of the firm monitors personal securities transactions of "Access Persons" and associated persons of the firm. A copy of the firm's Code of Ethics is available to clients and prospective clients upon request.

At times the interests of HCM and/or its advisory affiliates correspond with their client's interests, and then we may invest in the same securities that are recommended to clients. While this may present a potential conflict of interest, in each instance, this is fully disclosed to the client. Besides, the Advisor is too small an investor to noticeably affect the market. In any case, the advisor and its affiliates will generally be "last in" and "last out" for the trading day.

While individual client advice is provided each account, client trades may be executed as a block trade. The Advisor encourages its existing and new clients to use the Advisor's "lead custodian." Only accounts in the custody of the lead custodian would have the opportunity to participate in aggregated securities transactions. All trades using the lead custodian will be aggregated and done in the name of the Advisor. The executing broker will be informed that the trades are for the account of the Advisor's clients and not for the Advisor itself. No advisory account within the block trade will be favored over any other advisory account, and thus, each account will participate in an aggregated order at the average share price and receive the same commission rate for the trade cost (if any). The aggregation should, on average, reduce slightly the costs of execution, and the Advisor will not aggregate a client's order if in a particular instance the Advisor believes that aggregation would cause the client's cost of execution to be increased. The custodian will be notified of the amount of each trade for each account.

It is further noted that Firm is in and shall continue to be in total compliance with The Insider Trading and Securities Fraud Enforcement Act of 1988. Specifically, Firm has adopted a firm wide policy statement outlining insider trading compliance by Firm and its associated persons and other employees. This statement has been distributed to all associated persons and other employees of Firm and has been signed and dated by each such person. A copy of such firm wide policy is left with such person and the original is maintained in a master file. Further, Firm has adopted a written supervisory procedures statement highlighting the steps which shall be taken to implement the firm wide policy. These materials are also distributed to all associated persons and other employees of Firm, are signed, dated and filed with the insider trading compliance materials. There are provisions adopted for (1) restricting access to files, (2) providing continuing education, (3) restricting and/or monitoring trading on those securities of which Firm's employees may have non-public information, (4) requiring all of Firm's employees to conduct their trading through a specified broker or reporting all transactions promptly to Firm, and (5) monitoring the securities trading of the firm and its employees and associated persons.

Firm or individuals associated with Firm may buy or sell securities identical to those recommended to customers for their personal account.

It is the express policy of Firm that no person employed by Firm may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, and therefore, preventing such employees from benefiting from transactions placed on behalf of advisory accounts.

Firm or any related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

As these situations may represent a conflict of interest, Firm has established the following restrictions in order to ensure its fiduciary responsibilities:

- 1) A director, officer or employee of Firm shall not buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No associated person of Firm shall prefer his or her own interest to that of the advisory client.
- 2) Firm maintains a list of all securities holdings for itself, and anyone associated with this advisory practice. These holdings are reviewed on a regular basis by Paul Piccone, the chief compliance officer.
- 3) Firm requires that all individuals must act in accordance with all applicable federal and state regulations governing registered investment advisory practices.
- 4) Any individual not in observance of the above may be subject to termination.

Brokerage Practices

Form ADV Part 2A, Item 12

For Asset Management we recommend the discount brokerage services of Charles Schwab, TD Ameritrade and Fidelity Investments. The selection is made on the discount rates and execution services available to the client. Clients may pay transaction fees (commissions) to Charles Schwab, TD Ameritrade or Fidelity Investments for the purchase of “no-load” funds, load funds at NAV, stock or bonds. Charles Schwab, TD Ameritrade or Fidelity Investments provides the clients with consolidated statements. These commissions are negotiated with Charles Schwab, TD Ameritrade and Fidelity Investments periodically to reduce costs incurred by clients.

HCM and its affiliates are not registered representatives of Charles Schwab, TD Ameritrade nor Fidelity Investments and do not receive any commissions or fees for recommending these services. We make use of a public access system to assist clients in implementing the trades; the trades are reviewed and entered by registered personnel of Charles Schwab, TD Ameritrade or Fidelity Investments. We may purchase through Charles Schwab, TD Ameritrade, Fidelity Investments, or through independent companies, computer equipment and/or real-time computer data to facilitate sending and receiving account information.

HCM participates in the TD Ameritrade Institutional Program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. (“TD Ameritrade”) member FINRA/SIPC., an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. However, TD Ameritrade has no duty to supervise or monitor the activity of the Advisor. In addition, TD Ameritrade does not make any determination as to the suitability of the investment activity undertaken by the Advisor relative to client accounts. HCM receives some benefits from TD Ameritrade through its participation in the program.

HCM may require clients to maintain accounts with TD Ameritrade/recommend TD Ameritrade to clients for custody and brokerage services. There is no direct link between HCM’s participation in the program and the investment advice it gives to its clients, although HCM receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits that HCM, as advisor, receives include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to HCM by third party vendors. TD Ameritrade may pay for business consulting and professional services received by HCM, and may also pay or reimburse HCM expenses (including travel, lodging, meals and entertainment expenses) for HCM’s personnel to attend conferences or meetings relating to the program or to TD Ameritrade’s advisor custody and brokerage services generally. Some of the products and services made available to HCM by TD Ameritrade through the program may benefit HCM but may not benefit its client accounts. These products or services may assist HCM in managing and administering client accounts, including accounts not maintained at TD Ameritrade. Other services made available to HCM by TD Ameritrade are intended to help HCM manage and further develop its business enterprise. The benefits received by HCM, or its personnel, through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. Clients should be aware, however, that the receipt of economic benefits by HCM or its related persons in and of itself creates a potential conflict of interest and may indirectly influence HCM’s choice/recommendation of TD Ameritrade for custody and brokerage services.

HCM also receives from TD Ameritrade certain economic benefits (“Additional Services”) that may or may not be offered to any other independent advisors that participate in the program. Specifically the Additional Services HCM receives include:

1.) Four quarterly payments of \$9,000 over the course of the next 12 months to Bloomberg L.P. for Bloomberg Pro Research.

2.) Two payments of \$2,835 over the course of 12 months to Broadridge Investor Solutions, Inc.

Broadridge Investor Solutions, Inc. (Broadridge) As the market's leading provider of investor communications, including proxy mailing and vote processing, Broadridge helps thousands of public companies and mutual funds worldwide communicate and conduct business with shareholders.

3.) Four quarterly payments of \$4,560.21 over the course of the next 12 months to Thomson Financial for Active Express US Data.

Active Express®, the fully integrated equity workstation that joins I/B/E/S quality

estimates with real-time notes, broker research, and company fundamentals.

4.) Four quarterly payments of \$9,062.46 over the next four quarters to Thomson Financial for Baseline Research.

Baseline is a graphical, interactive application that fuels stock selection, enhances portfolio

evaluation and adds depth to client meetings and marketing presentations. By combining

these capabilities in a single, easy -to-use application, BASELINE empowers advisors to

build client wealth, reinforce existing relationships, gather more assets, create a competitive

advantage and save time. Used extensively by institutional equity professionals to drive

fundamental investment research and portfolio analysis.

5.) One annual payment of \$1,097 over the next 12 months to Morningstar for Principia Mutual Funds Research .

Morningstar's complete line of professional investment tools makes research quicker, more complete and more rewarding. HCM will have access to up-to-date performance statistics, reviews, and analytical tools that allow HCM to customize and enhance client presentations.

Morningstar Principia investment modules include: Mutual Funds, Stocks, Variable Annuities, Closed-End Funds, Separate Accounts, Hypotheticals, and Defined Contribution Plans.

6.) TD Ameritrade also agrees to pay up to an additional \$2,000 annually for any ancillary taxes, entitlement fees, possible rate increases associated with the above services.

TD Ameritrade did provide assistance for Institutional Shareholder Services, Inc. (ISS) product at one time.

The above-referenced Additional Services being provided to Horan are used in conjunction with our investment advisory practice and is for the direct and/or indirect benefit of HCM's clients.

TD Ameritrade provides the Additional Services to HCM in its sole discretion and at its own expense, and HCM does not pay any fees to TD Ameritrade for the Additional Services. HCM and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of Additional Services.

HCM's receipt of Additional Services raises potential conflicts of interest. In providing Additional Services to HCM, TD Ameritrade most likely considers the amount and profitability to TD Ameritrade of the assets in, and trades placed for, HCM's client accounts maintained with TD Ameritrade. TD Ameritrade has the right to terminate the Additional Services Addendum with HCM, in its sole discretion, provided certain conditions are met. Consequently, in order to continue to obtain the Additional Services from TD Ameritrade, HCM may have an incentive to recommend to its clients that the assets under management by HCM be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. HCM's receipt of Additional Services does not diminish its duty to act in the best interests of its

clients, including seeking best execution of trades for client accounts.

Trades may be placed individually in each client account or may be placed as part of block trades which may include some, most or possibly all client accounts. In the cases where block trading is used to either sell or buy a particular security for clients, HCM will allocate the specific number of shares of the security to each individual client's account(s). When block orders are placed, every participating client receives the same average gross price per share, before the calculation of the commission charged by the custodian. The actual net cost per share may differ for participants of a block because commission charges by the custodian vary depending on the size of the trade (number of shares). When block orders are not filled in entirety, shares are allocated on a pro-rata basis to all accounts that were intended to participate in the original block.

Review of Accounts

Form ADV Part 2A, Item 13

Each client is different and each client's financial situation is different and special to us. Therefore, we do not believe that "one size fits all" in terms of having a pre-set service standard. Therefore, we offer the clients the opportunity to arrange for a suitable review schedule that meets their particular needs, whether it be quarterly, semi-annually or monthly. Reviewers are either competent advisors with professional industry related designations or portfolio managers. We manage as a team approach and do not assign client accounts on a per advisor basis.

Performance reports are provided quarterly to clients and the custodian (such as Charles Schwab & Co., Inc. or Fidelity Investments) provides monthly statements as well as daily "online" account access.

Client Referrals and Other Compensation

Form ADV Part 2A, Item 14

As a result of past participation in TD Ameritrade's AdvisorDirect program (the "referral program"); HCM received client referrals from TD Ameritrade. TD Ameritrade established the referral program as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise HCM and has no responsibility for HCM's management of client portfolios or HCM's other advice or services. HCM is no longer participating in the referral program for purposes of receiving client referrals but it is obligated to pay TD Ameritrade an on-going fee for each successful client relationship established as a result of past referrals. This fee is usually a percentage (not to exceed 15%) of the advisory fee that the client pays to HCM ("Solicitation Fee"). HCM will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by HCM from any of a referred client's family members who hired HCM on the recommendation of such referred client. HCM will not charge clients referred to it through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its other clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients.

HCM may compensate for client referrals. All solicitors' agreements are in compliance with the Investment Advisors Act of 1940, Section 275.206(4)-3. In addition, all applicable federal & state laws will also be observed. All clients procured by solicitors will be given full written disclosures describing the terms and fees arrangements between the Advisor and the solicitor.

Custody

Form ADV Part 2A, Item 15

HCM does not and will not have custody of client's funds or securities. Fees are not collected for services to be performed more than six months in advance.

Investment Discretion

Form ADV Part 2A, Item 16

We maintain discretion over client accounts as evidenced by the terms of the Agreement with the client. HCM will not have authority to withdraw funds or to take custody of clients' funds or securities.

Voting Client Securities

Form ADV Part 2A, Item 17

Effective, shareholder minded corporate governance occurs when business owners are active in the voting process and hold management accountable to the interests of shareholders.

The process of voting proxies covers a broad, far-reaching array of decisions concerning capital structure, election of independent board members, approval of auditors, and much more. HCM has contracted with Broadridge Investor Solutions, Inc. (Broadridge), the leading provider of proxy voting and corporate governance issues, to assist in this process. Broadridge delivers valuable, in-depth research and timely voting recommendations that serve to maximize shareholder value.

HCM has developed its set of policies and procedures regarding proxy voting in compliance with the SEC's newly mandated *Investment Advisors Act Release No. 2106, Jan. 31, 2003*.

This statement illustrates the various aspects of this policy and, in particular, how we vote for your accounts.

Conflicts of Interest

In the course of voting proxies, we may occasionally encounter situations where there could be perceived conflicts of interest. Such potential instances may include, for example, HCM having a:

1. Business relationship with a proponent of a proxy proposal that could conceivably influence how we vote for you;
2. Business or personal relationship with participants in a proxy contest, corporate directors or candidates for directorships;
3. Financial interest in the outcome of a vote, such as receiving distribution fees.

Regarding voting issues in which a material conflict of interest is present, HCM will generally cast votes as per the independent, third party recommendation provided by Broadridge.

In the event there is a conflict of interest in which HCM is compelled to vote *against* the recommendation of Broadridge, HCM will fully disclose to clients the nature of the conflict and also seek consent regarding our vote on the issue.

Client Access to Policy and Voting Records

All clients will receive a copy of the firm's Proxy Voting Policy upon signing up for services from HCM that delegate us as the fiduciary in charge of their assets. Furthermore, clients may contact HCM at any time to request records detailing how HCM voted on their behalf for securities held in their accounts. Should clients lose their copy of HCM's Proxy Voting Policy, they may contact us at any time to receive a new document.

As always, we are available via telephone (410-494-4380, toll free at 800-592-7534).

HCM Proxy Voting Guidelines Summary

HCM uses Broadridge to provide proxy voting analysis and shareholder-friendly voting recommendations.

The following is a concise summary of Broadridge's proxy voting policy guidelines. A complete, 76-page list may be obtained by contacting HCM.

1. Auditors

Vote FOR proposals to ratify auditors, unless any of the following apply:

- An auditor has a financial interest in or association with the company, and is therefore not independent
- Fees for non-audit services are excessive, or
- There is reason to believe that the independent auditor has rendered an opinion which is neither accurate nor indicative of the company's financial position.

2. Board of Directors

Voting on Director Nominees in Uncontested Elections

Votes on director nominees should be made on a CASE-BY-CASE basis, examining the following factors: independence of the board and key board committees, attendance at board meetings, corporate governance provisions and takeover activity, long-term company performance, responsiveness to shareholder proposals, any egregious board actions, and any excessive non-audit fees or other potential auditor conflicts.

Classification/Declassification of the Board

Vote AGAINST proposals to classify the board.

Vote FOR proposals to repeal classified boards and to elect all directors annually.

Independent Chairman (Separate Chairman/CEO)

Vote on a CASE-BY-CASE basis shareholder proposals requiring that the positions of chairman and CEO be held separately. Because some companies have governance structures in place that counterbalance a combined position, certain factors should be taken into account in determining whether the proposal warrants support. These factors include the presence of a lead director, board and committee independence, governance guidelines, company performance, and annual review by outside directors of CEO pay.

Majority of Independent Directors/Establishment of Committees

Vote FOR shareholder proposals asking that a majority or more of directors be independent unless the board composition already meets the proposed threshold by Broadridge's definition of independence.

Vote FOR shareholder proposals asking that board audit, compensation, and/or nominating committees be composed exclusively of independent directors if they currently do not meet that standard.

3. Shareholder Rights

Shareholder Ability to Act by Written Consent

Vote AGAINST proposals to restrict or prohibit shareholder ability to take action by written consent.

Vote FOR proposals to allow or make easier shareholder action by written consent.

Shareholder Ability to Call Special Meetings

Vote AGAINST proposals to restrict or prohibit shareholder ability to call special meetings.

Vote FOR proposals that remove restrictions on the right of shareholders to act independently of management.

Supermajority Vote Requirements

Vote AGAINST proposals to require a supermajority shareholder vote.

Vote FOR proposals to lower supermajority vote requirements.

Cumulative Voting

Vote AGAINST proposals to eliminate cumulative voting.

Vote proposals to restore or permit cumulative voting on a CASE-BY-CASE basis relative to the company's other governance provisions.

Confidential Voting

Vote FOR shareholder proposals requesting that corporations adopt confidential voting, use independent vote tabulators and use independent inspectors of election, as long as the proposal includes a provision for proxy contests as follows: In the case of a contested election, management should be permitted to request that the dissident group honor its confidential voting policy. If the dissidents agree, the policy remains in place. If the dissidents will not agree, the confidential voting policy is waived.

Vote FOR management proposals to adopt confidential voting.

4. Proxy Contests

Voting for Director Nominees in Contested Elections

Votes in a contested election of directors must be evaluated on a CASE-BY-CASE basis, considering the factors that include the long-term financial performance, management's track record, qualifications of director nominees (both slates), and an evaluation of what each side is offering shareholders.

Reimbursing Proxy Solicitation Expenses

Vote CASE-BY-CASE. Where ISS recommends in favor of the dissidents, we also recommend voting for reimbursing proxy solicitation expenses.

5. Poison Pills

Vote FOR shareholder proposals that ask a company to submit its poison pill for shareholder ratification. Review on a CASE-BY-CASE basis shareholder proposals to redeem a company's poison pill and management proposals to ratify a poison pill.

6. Mergers and Corporate Restructurings

Vote CASE-BY-CASE on mergers and corporate restructurings based on such features as the fairness opinion, pricing, strategic rationale, and the negotiating process.

7. Reincorporation Proposals

Proposals to change a company's state of incorporation should be evaluated on a CASE-BY-CASE basis, giving consideration to both financial and corporate governance concerns, including the reasons for reincorporating, a comparison of the governance provisions, and a comparison of the jurisdictional laws. Vote FOR reincorporation when the economic factors outweigh any neutral or negative governance changes.

8. Capital Structure

Common Stock Authorization

Votes on proposals to increase the number of shares of common stock authorized for issuance are determined on a CASE-BY-CASE basis using a model developed by Broadridge.

Vote AGAINST proposals at companies with dual-class capital structures to increase the number of authorized shares of the class of stock that has superior voting rights.

Vote FOR proposals to approve increases beyond the allowable increase when a company's shares are in danger of being delisted or if a company's ability to continue to operate as a going concern is uncertain.

Dual-class Stock

Vote AGAINST proposals to create a new class of common stock with superior voting rights.

Vote FOR proposals to create a new class of nonvoting or sub-voting common stock if:

- It is intended for financing purposes with minimal or no dilution to current shareholders
- It is not designed to preserve the voting power of an insider or significant shareholder

9. Executive and Director Compensation

Votes with respect to compensation plans should be determined on a CASE-BY-CASE basis. Our methodology for reviewing compensation plans primarily focuses on the transfer of shareholder wealth (the dollar cost of pay plans to shareholders instead of simply focusing on voting power dilution). Using the expanded compensation data disclosed under the SEC's rules, Broadridge will value every award type. Broadridge will include in its analyses an estimated dollar cost for the proposed plan and all continuing plans. This cost, dilution to shareholders' equity, will also be expressed as a percentage figure for the transfer of shareholder wealth, and will be considered long with dilution to voting power. Once Broadridge determines the estimated cost of the plan, we compare it to a company-specific dilution cap.

Vote AGAINST equity plans that explicitly permit repricing or where the company has a history of repricing without shareholder approval.

Management Proposals Seeking Approval to Reprice Options

Votes on management proposals seeking approval to reprice options are evaluated on a CASE-BY-CASE basis giving consideration to the following:

- Historic trading patterns
- Rationale for the repricing
- Value-for-value exchange
- Option vesting
- Term of the option
- Exercise price
- Participation

Employee Stock Purchase Plans

Votes on employee stock purchase plans should be determined on a CASE-BY-CASE basis.

Vote FOR employee stock purchase plans where all of the following apply:

- Purchase price is at least 85 percent of fair market value
- Offering period is 27 months or less, and
- Potential voting power dilution (VPD) is ten percent or less.

Vote AGAINST employee stock purchase plans where any of the opposite conditions obtain.

Shareholder Proposals on Compensation

Vote on a CASE-BY-CASE basis for all other shareholder proposals regarding executive and director pay, taking into account company performance, pay level versus peers, pay level versus industry, and long term corporate outlook.

10. Social and Environmental Issues

These issues cover a wide range of topics, including consumer and public safety, environment and energy, general corporate issues, labor standards and human rights, military business, and workplace diversity.

In general, vote CASE-BY-CASE. While a wide variety of factors goes into each analysis, the overall principal guiding all vote recommendations focuses on how the proposal will enhance the economic value of the company.

Financial Information

Form ADV Part 2A, Item 18

In that the firm does not receive any fee more than six months in advance, no financial information is required to be provided in this narrative.

Requirements for State-Registered Advisers

Form ADV Part 2A, Item 19

Not applicable.

Additional Information

None.