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ITEM 1: COVER PAGE FOR PART 2A – APPENDIX 1 OF FORM ADV  
WRAP FEE PROGRAM BROCHURE  
MARCH 08, 2018

**HOLLAND INVESTMENT MANAGEMENT, INC.**

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**FIRM CONTACT:  
GARY HOLLAND  
CHIEF COMPLIANCE OFFICER**

This wrap fee program brochure provides information about the qualifications and business practices of Holland Investment Management, Inc. (hereinafter referred to as the “Adviser”, “us”, “we”, “our firm” or “HIM”). If you have any questions about the contents of this brochure, please contact by telephone at (817) 698-9800 or email at [gary@hollandim.com](mailto:gary@hollandim.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any State Securities Authority. Additional information about Holland Investment Management, Inc. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching CRD#159060.

Please note use of the term “registered investment adviser” and description of Holland Investment Management, Inc. and/or our associates as “registered” does not imply a certain level of skill or training. You are encouraged to review this Brochure and Brochure Supplements for our firm’s associates which advise you for more information on the qualifications of our firm and its employees.

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## ITEM 2: MATERIAL CHANGES

Holland Investment Management, Inc. (HIM) is required to advise you of any material changes to our Wrap Fee Brochure (“Brochure”) from our last annual update. We must state clearly that we are discussing only material changes since the last annual update of our Brochure, and we must provide the date of that previous annual amendment.

Since our last annual amendment filing on March 13, 2017, the following change has been made:

- Starting December 2017, HIM has changed the use of custodian from LPL Financial, LLC to TD Ameritrade Institutional for the wealth management side of our business. Please refer to Item 4 and Item 9 for additional information.
- HIM has modified our fee billing and termination procedures following the transition to TD Ameritrade Institutional program. HIM will no longer make fee adjustments for deposits and withdrawals made during the quarter. Please refer to Item 4 for additional information.
- HIM has added additional safeguards to determine if our services are appropriate for clients who meet our basic requirements for opening or otherwise engaging our firm. Please refer to Item 5 for additional information.

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## ITEM 4: SERVICES, FEES, AND COMPENSATION

A wrap fee program allows our clients to pay one fee for investment advisory services and the execution of transactions. The advisory services include portfolio management; the fee is not based upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). We do not charge our clients higher advisory fees based on their trading activity. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where trade execution costs are passed directly through to you by the executing broker. We offer wrap fee programs as described in this Wrap Fee Program Brochure.

### **Our Wrap Portfolio Management Service**

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HIM provides Fee-based Full-Discretion Investment Advisory Services to individuals, high net worth individuals, pension plans, corporations and trusts using a Global Macro “Top Down” Investment Strategy to allocate client portfolio assets. Our goal is to diversify the portfolio using not just **traditional** asset classes such as stocks and bonds but also **alternative** asset classes which are less correlated to more traditional asset classes. After allocating the clients’ assets into up to 4 major groups (see below), we further allocate into up to 18 different asset classes, we select investment managers for each asset class based on long term records of success supported by strong, stable independent institutions. All portfolios are divided into up to 4 categories representing 18 different asset classifications as follows:

#### **I. Global Fixed Income**

1. US Cash
2. Non-US Cash
3. US Fixed Income
4. Non-US Fixed Income

#### **II. Global Asset Allocation**

5. "Income-Oriented" Global Asset Allocation Funds (Equities less than 50%)
6. "Growth-Oriented" Global Asset Allocation Funds (Equities greater than 50%)

#### **III. Global Equity**

7. US Stocks (Yield Oriented Infrastructure: Utilities and MLP's)
8. US Stocks (All Caps) (Growth & Value) (excluding Yield Oriented Utilities & Energy MLP's)
9. Non-US Stocks – (Developed) (All Caps) (Growth & Value)
10. Non-US Stocks – (Emerging) (All Caps) (Growth & Value)
11. Equity hedges

#### **IV. Global Alternatives**

12. US Real Estate
13. Non-US Real Estate
14. Non-Correlating Alternatives (Long-Short & Volatility Strategies)
15. Non-Correlating Alternatives (Currencies)
16. Gold Bullion
17. PM Related (Gold & Silver Miners/Silver Bullion/Other)
18. Commodities

Within each of the 18 categories above, we can utilize actively managed open-end mutual funds, closed-end funds, exchange traded funds or individual securities.

When using actively managed open-end mutual funds we strive to select managers with:

- Long-term records of success navigating various market conditions.
- Consistently outperforming peers over 3, 5 and 10 year time frames.
- Reputations and success is in the area of expertise in which we have hired them.
- Transparent and understandable investment strategy.
- Managers who create value (alpha).
- Strong institutional support. Large, deep teams of analysts and independent research from parent mutual fund companies that are strong and stable.

We use ETF's which trade with enough liquidity to make substantial portfolio moves for all our clients without any price degradation. We strive to purchase closed end funds at the more attractive end of their discount range and/or when the underlying assets are selling at a historical discount. Individual company securities are purchased both for tactical and timely opportunities, as well as long term investment potential. Upon mutual agreement by the Client and our firm, we will assist clients with 401(k) and/or 403(b) consulting at no additional charge. The extent of the consulting in every regard will be at our firm's discretion. 401(k) and/or 403(b) consulting is limited to household members of the Client and does not include management of the plans. Adviser can immediately terminate 401(k) and/or 403(b) consulting at any time with notification to the Client. Consulting described in the section will be informal and may include a written suggestion.

We offer our clients 5 different risk-based global asset allocation strategies as well as *two alternative strategies* as part of our portfolio management service. We also help the client select the correct strategy based on the client's financial situation, investment time-frame, and risk tolerance.

- 1. Conservative** (Typically for clients 75 years and older) Most clients in this category are retired but some non-retired younger clients have chosen this portfolio as best suited to their temperament. The primary goal of the portfolio is capital preservation and generation of current income. Over the long run, this portfolio should have smaller "drawdowns" or downward fluctuations but also the lowest investment returns of the five portfolios. This conservative strategy is the most domestically focused of the five global asset allocation strategies.
- 2. Moderately Conservative**  
(Typically for clients aged 60-74) These clients are retired or nearing retirement. This portfolio will be very similar to the conservative portfolio above in that capital preservation and income generation are the primary focus but it will assume some additional risk which over the long term should generate a slightly higher investment return.
- 3. Moderate**  
(Typically for clients aged 45-59) These clients are generally still working with retirement envisioned sometime over the next 5-20 years. This is the most balanced portfolio of the five. It is designed for long term growth of capital and the generation of some current income. It employs a moderate level of risk.
- 4. Moderately Aggressive**  
(Typically for clients aged 0-44) The primary objective of this portfolio is long term growth of capital. As such, this portfolio takes on more risk than either the Moderate or the two Conservative Portfolios above and is therefore subject to larger fluctuations. Current income is a very secondary consideration for this portfolio.

## 5. Aggressive

(No typical age) This portfolio is only suitable for those whose personal finances are on a very sound foundation. Typically, the clients in this category have homes with no mortgage, college education funds that are fully funded, and retirement assets set aside in less aggressive portfolios. This portfolio is designed to capture as much gain as possible from the financial markets and as such is at risk of outsized losses as well.

## 6. Precious Metals and Currencies Strategy

(No typical age) This portfolio is only suitable for those whose personal finances are on a very sound foundation. Typically, the clients in this category have homes with no mortgage, college education accounts that are fully funded, and retirement assets set aside in less aggressive portfolios.

This portfolio strategy is designed to capture as much gain as possible from the precious metal and currency markets while providing investors with a non-correlated return versus a traditional stock/bond portfolio. This portfolio, commonly referred to as an *alternative strategy* is best utilized as a complement to a traditional stock/bond portfolio.

We anticipate that this portfolio will typically be 50%–100% long the precious metal market. However, we can go as much as 50% short or as much as 200% long. We will primarily use gold and silver bullion ETFs and mining equities, but we may also use platinum and palladium bullion ETFs and mining equities. In addition, we may own gold in currencies other than the dollar such as the yen or euro. From time to time, we expect to utilize long and short currency ETFs as stand-alone investments and not as a hedge against precious metals positions. These positions provide us exposure (long or short) to the same forces that drive the currency metals of gold and silver. While we can invest in platinum and palladium because technically they are precious metals we don't expect to be as active in this category because they are more influenced by "industrial" supply and demand forces than the "currency" precious metals.

## 7. Opportunistic Flexible Multi-Asset Strategy

(No typical age) This portfolio is only suitable for those whose personal finances are on a very sound foundation. Typically, the clients in this category have homes with no mortgage, college education accounts that are fully funded, and retirement assets set aside in less aggressive portfolios

We anticipate that this portfolio will typically be 0%-100% long or short many different markets at the same time. The portfolio, however, could go as much as 200% long or short. Some of these portfolio positions will "typically" be negatively correlated and will offset each other and will therefore provide some hedging of the portfolio, thereby dampening volatility. During certain market cycles, such as 1929-1932 and 2007-2009, when many asset classes tended to correlate 100% to each other, there may be more risk to the portfolio than historical performance would indicate during more normal times.

This portfolio strategy will invest on both the long and short side of many financial asset markets including but not limited to stocks, bonds, currencies and commodities. It seeks to profit from pricing discrepancies, deviations from the mean or any other mispricings that are historically viewed as a short to medium term opportunity to profit from a reversion to the mean or more normal pricing. This portfolio may or may not provide a non-correlated return versus a traditional stock/bond portfolio. This portfolio, while seeking to profit from short-term or

medium-term mispricing of assets cannot guarantee it will be profitable on any given calendar year or other time period.

We anticipate using long and short positions and paired trades in equities, fixed income securities, currencies, commodities, ETFs, ETNs, closed end funds and/or securities of specific companies. The portfolio may employ strategies variously described as “Global Macro”, “Market Neutral”, “Sector Specific” or “Tactical Asset Allocation” among others and often at the same time as part of an overall strategy. Investors might be best to consider this strategy as part of their overall aggressive portfolio, but not their entire aggregate portfolio as returns could be strongly positive or negative on any given year.

### **How We Are Compensated for Our Advisory Services**

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<u>Assets Under Management</u>	<u>Annual Percentage of Assets Charge:</u>
\$0 to \$250,000	1.25%
\$250,000 to \$1,000,000	1.00%
\$1,000,000 to \$2,000,000	0.90%
\$2,000,000 to \$3,000,000	0.80%
\$3,000,000 to \$5,000,000	0.75%
\$5,000,000 to \$7,500,000	0.60%
\$7,500,000 to \$10,000,000	0.50%
Over \$10,000,000	Negotiable
Preferred Rate for Affiliated Accounts*	1.00%
Aggressive Strategies 6 & 7	2.00%

Our firm’s fees are billed on a pro-rata annualized basis quarterly in advance based on the value of your account on the last day of the previous quarter

Starting January 1, 2015 we manage 529 plans on a fee basis but they are custodied at one of the mutual fund companies outside of TD Ameritrade Institutional (“TDAI”). We charge an annual advisory fee of 1.00% for 529 Plan Accounts. The fee will be billed directly to the client in arrears on an annual basis during the month of January and will be based on the combined average of each quarter ending balance.

All accounts may own ETF’s (exchange traded funds), CEF’s (closed end funds), and individual securities (equities, bonds, treasury bills). For all new accounts over \$500,000 or for accounts between \$250,000- \$500,000 where the accounts were established with HIM before 2015, Open-end mutual funds will be held in institutional class shares. Smaller size accounts may own A Class shares. TDAI receives a .25% 12b-1 fee per year from mutual fund companies on accounts for A Class shares of which HIM receives no portion. Whenever A Class shares are utilized they are done so at NAV (Net Asset Value) so there is never a sales charge to the client.

### **Fee Billing Process**

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Fees will generally be automatically deducted from your managed custodial account. In 529 accounts and in special cases we will agree to directly bill clients. As part of the fee deduction process, you understand and acknowledge the following:

- a) Clients permits direct payment of advisory fees from their account(s) maintained by TDAI who is independent of our firm;

- b) TDAI sends quarterly statements to the client showing the fee amount and the value of the assets upon which the fee is based as well as all account disbursements, including advisory fees;
- c) Client understands and agrees that it is the client's responsibility to verify the accuracy of fee calculation, and that TDAI does not determine its accuracy.

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### **Other Types of Fees & Expenses:**

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You may pay custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm.

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### **Termination & Refunds**

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We charge our advisory fees quarterly in advance. If you wish to terminate our services, you need to contact us in writing and state that you wish to cancel this Agreement. Upon receipt of your letter of termination, we will proceed to close out your account and process a pro-rata refund of unearned advisory fees. In the event of non-performance by our firm caused by the usual and natural consequences of external forces beyond our control, payment of advisory fee to our firm shall not be interrupted.

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## **ITEM 5: ACCOUNT REQUIREMENTS AND TYPES OF CLIENTS**

We have the following types of clients:

- Individuals and High Net Worth Individuals;
- Pension and Profit Sharing Plans;
- Corporations, limited liability companies and/or other business types;
- Trusts.

Our requirements for opening accounts or otherwise engaging us:

- New clients who are not affiliated in any way with an existing relationship with our firm will be required to open a minimum account balance of \$100,000. Existing client relationships can open an additional account(s) with a \$4,000 minimum.

When a client meets our basic requirements for opening or otherwise engaging us, we will engage with the client to determine if our services are appropriate based on the following criteria:

- The ongoing investment management and monitoring services to be provided;
- Our firm's ability to act quickly with discretion (limited or full) based on market conditions;
- Our firm's flexibility to reallocate among securities without a commission;
- The investment options available on the platform; and
- The investment planning/related services offered in conjunction with the account now or in the future.

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## **ITEM 6: PORTFOLIO MANAGER SELECTION AND EVALUATION**

Gary Holland acts as portfolio manager(s) for this wrap fee program. A conflict arises in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Our

IARs are subject to individual licensing requirements as imposed by state securities boards. Our firm is required to confirm or update each IAR's Form U4 on an annual basis. IAR supervision is conducted by our Chief Compliance Officer, Gary Holland.

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**Advisory Business:**

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See Item 4 for information about our wrap portfolio management program. Client portfolios are invested in one the seven investment strategy platforms; restrictions by the client will be limited to the level of risk and choice of investment strategies.

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**Participation in wrap fee programs:**

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We only offer wrap fee accounts to our clients, which are managed on an individualized basis according to the client's investment objectives, financial goals, risk tolerance, etc. We do not manage non-wrap fee accounts.

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**Performance-based fees and side-by-side management:**

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We do not charge performance fees to our clients.

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**Methods of Analysis:**

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We use the following methods of analysis in formulating our investment advice and/or managing client assets:

- Global Macro-Economic Analysis
- Market Analysis: secular and cyclical trend analysis
- Technical Analysis of: markets, sectors and individual securities
- Fundamental Company Analysis
- Quantitative Analysis

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**Investment Strategies We Use:**

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We use Global Macro "Top Down" Investment Strategy to allocate client portfolio assets to diversify client portfolios with both traditional asset classes such as stocks and bonds as well as alternative asset classes which are less correlated to more traditional asset classes. To implement our strategies we may use any of the following:

- Long term purchases (securities held at least a year);
- Short term purchases (securities sold within a year);
- Trading (securities sold within 30 days);
- Margin transactions;
- Option writing, including covered options, uncovered options or spreading strategies.

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**Risk of Loss**

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Investing in securities involves risk of loss that clients should be prepared to bear. While the financial markets and value of the securities your portfolio is invested in may increase and your account(s) could enjoy a gain, it is also possible that the financial markets and the value of the securities your portfolio is invested in may decrease and your account(s) could suffer a loss. It is important that you understand the risks associated with investing in the financial markets and that you ask us any questions you may have.

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**Description of Material, Significant or Unusual Risks**

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We generally invest clients' cash balances in FDIC insured bank deposit programs or money market funds, FDIC Insured Certificates of Deposit, high-grade commercial paper and/or government backed debt instruments. Some cash will be maintained so that our firm may debit advisory fees for our services related to Comprehensive Portfolio Management as applicable. Ultimately, we try to achieve the highest return on our clients' cash balances through relatively low-risk conservative investments.

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**Voting Client Securities**

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We do not and will not accept the proxy authority to vote client securities. Clients will receive proxies or other solicitations directly from their custodian or a transfer agent. In the event that proxies are sent to our firm, we will forward them on to you and ask the party who sent them to mail them directly to you in the future. Clients may call, write or email us to discuss questions they may have about particular proxy votes or other solicitations.

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**ITEM 7: CLIENT INFORMATION PROVIDED TO PORTFOLIO MANAGER(S)**

All accounts are managed in-house by Gary Holland. Mr. Holland is privy to the client's investment goals and objectives, risk tolerance, restrictions placed on the management of the account(s) or portfolio(s) and relevant client notes taken by our firm. Please see our firm's Privacy Policy for more information on how our firm utilizes client information.

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**ITEM 8: CLIENT CONTACT WITH PORTFOLIO MANAGER(S)**

Clients are always free to directly contact their portfolio manager(s) with any questions or concerns they have about their portfolios or other matters.

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**ITEM 9: ADDITIONAL INFORMATION****Disciplinary Information**

There are no legal or disciplinary events that are material to the evaluation of our advisory business or the integrity of our management.

**Financial Industry Activities & Affiliations**

We have no other financial industry activities and affiliations to disclose.

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

An investment adviser is considered a fiduciary and our firm has a fiduciary duty to all of our clients. As a fiduciary, it is an investment adviser's responsibility to provide fair and full disclosure of all material facts and to act solely in the best interest of each of our clients at all times. Our fiduciary duty is considered the core underlying principle for our Code of Ethics which also includes policies and procedures to avoid Insider Trading, as well as Personal Securities Transactions Policies and

Procedures. Upon employment or affiliation, and at least annually thereafter, all supervised persons will sign an acknowledgement that they have read, understand, and agree to comply with our Code of Ethics.

Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients. This disclosure is provided to give all clients a summary of our Code of Ethics. If a client or a potential client wishes to review our Code of Ethics in its entirety, a copy will be provided upon request. Neither our firm nor a related person recommends to clients, or buys or sells for client accounts, securities in which our firm or a related person has a material financial interest. Related persons of our firm may buy or sell securities and other investments that are also owned by our clients. In order to minimize this potential conflict of interest, our related persons will place client interests ahead of their own interests and adhere to our firm's Code of Ethics. Further, our related persons will refrain from buying or selling the same securities prior to buying or selling for our clients in the same day. If related persons' accounts are included in a block trade, our related persons' accounts will be traded in the same manner every time.

### **Review of Accounts**

We review accounts on at least a weekly basis for our clients. The nature of these reviews is to learn whether clients' accounts are in line with their investment objectives, appropriately positioned based on market conditions, and investment policies, if applicable. Only our IARs will conduct reviews.

We may review client accounts more frequently than described above. Among the factors which may trigger an off-cycle review are major market moving events in the financial, economic, political or military sphere. Other triggers may include a change in the client's circumstances or when a client makes a major deposit or withdrawal from their account.

We provide written investment reports to clients upon request. Verbal reports to clients take place on at least an annual basis or when we meet with clients.

### **Client Referrals & Other Compensation**

We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their clients to our firm in accordance with relevant state statutes and rules.

Our firm participates in the TD Ameritrade Institutional program. TD Ameritrade Institutional is a division of TD Ameritrade, Inc. ("TD Ameritrade") member FINRA/SIPC. TD Ameritrade is an independent [and unaffiliated] SEC-registered broker-dealer. TD Ameritrade offers to independent investment Advisors services which include custody of securities, trade execution, clearance and settlement of transactions. As such, our firm may recommend TD Ameritrade to Clients for custody. There is no direct link between our participation in the program and the investment advice we give our Clients, although our firm receives economic benefits through our participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving our 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 our firm by third party

vendors. TD Ameritrade assisted our clients with the costs associated with transitioning their accounts onto the TD Ameritrade platform. Some of the products and services made available by TD Ameritrade through the program may benefit our firm but may not benefit our Client accounts. These products or services may assist us in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help us manage and further develop our business enterprise. The benefits received by our firm or our personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of our fiduciary duty to clients, we endeavor at all times to put the interests of our clients first. Clients should be aware, however, that the receipt of economic benefits by our firm or our related persons in and of itself creates a potential conflict of interest and may indirectly influence our choice of TD Ameritrade for custody.

### **Financial Information**

We are not required to provide financial information in this Brochure because we do not require the prepayment of more than \$500 in fees and six or more months in advance, take custody of client funds or securities, have a financial condition or commitment that impairs our ability to meet contractual and fiduciary obligations to clients and have never been the subject of a bankruptcy proceeding.

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## **ITEM 10: REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

We do not have any relationships or arrangements with any issuers of securities that have not already been disclosed in Item 9.