



## Sandhill Investment Management

CRD# 129800 SEC File #801-63194

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### Form ADV, Part 2A – Brochure

Item 1 – Cover Page

March 30, 2020

This Brochure provides information about the qualifications and business practices of Sandhill Investment Management (“Sandhill”, “firm”, or “Advisor”). If you have any questions about the contents of this Brochure, please contact us at (716) 852-0279 or [sgoubrial@sandhill-im.com](mailto:sgoubrial@sandhill-im.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.

Sandhill Investment Management is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Sandhill Investment Management is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

Sandhill Investment Management has made the following material changes since the March 31, 2019, ADV annual update:

Item 4 - Unified Managed Account Program (UMA) Sandhill also participates in Unified Managed Account (UMA) programs. The "sponsors" of these programs currently include: Envestnet, TD Model Market Center, Orion Communities and Lockwood Advisor Solutions. The sponsors contract directly with their clients to perform various types of investment management services. Sandhill delivers "model" portfolios to the sponsors. As part of this UMA, the adviser typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an account.

Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Shant Goubrial, Chief Operations Officer at (716) 852-0279 or [sgoubrial@sandhill-im.com](mailto:sgoubrial@sandhill-im.com). Our Brochure is also available on our web site [www.sandhill-im.com](http://www.sandhill-im.com) also free of charge.

Additional information about Sandhill is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Sandhill who are registered, or are required to be registered, as investment adviser representatives of the firm.

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## **Item 4 – Advisory Business**

Sandhill Investment Management is an investment advisory firm established in 2002, in Buffalo, New York. Sandhill is registered with the Securities and Exchange Commission.

Edwin M. Johnston III is the firm's principal owner. Principal owners are any individuals and/or entities controlling 25% or more of the ownership of the firm.

### **Investment Advisory Services**

Sandhill Investment Management provides Investment Advisory services to private clients, institutions and corporations. The program will include the following:

- a. **Investor Profile** - The firm consults with the client to obtain detailed financial information and other pertinent data. After conversations with the client, the firm determines the appropriate investment guidelines, risk tolerance and other factors that will assist in ascertaining the investments to be made that are suitable for the account(s). An asset allocation model is chosen for the client.
- b. **Portfolio Management Selection** - Based on the client's asset allocation, the firm provides asset management of the client's capital. The firm diversifies and manages the client's portfolio. Although accounts may own many of the same securities, the firm manages the accounts on an individualized basis. Further restrictions and guidelines imposed by clients may affect the composition and performance of individual portfolios. As such, investment portfolios with the same asset allocation and investment objective may differ. Investment guidelines and restrictions must be provided to Sandhill in writing.
- c. **Performance Evaluation and Monitoring Services** - The custodian of the account will provide monthly and/or quarterly statements. The firm also will maintain account performance with Axys (performance accounting software from Advent) and may discuss account performance with the client from time to time.
- d. **Discretionary Authority** - The client will grant the firm discretionary authority to buy and sell securities.

Note: The firm will occasionally accept a non-discretionary account at the client's request. These accounts are accepted as a customer courtesy and on an exception basis. Non-discretionary accounts are not actively managed; therefore, these accounts are not charged a management fee.

### **Sub-Advisory Business**

Sandhill also provides third-party sub-advisory services for accounts managed by other Registered Investment Advisors ("Advisors") through individual relationships or via established relationships with separately managed account platform sponsors ("Program Sponsors"). Sub-advisory relationships are established via written contractual agreements between Sandhill and individual Advisors or Program Sponsors. Sandhill's Sub-Advisory Fee is negotiated with the individual Advisors or, in the case of an Advisor and advisor representative utilizing a separately managed account wrap-fee platform, the Program Sponsor. Fees may differ across Advisors and platforms.

The Advisors are responsible for determining individual clients' suitability and ascertaining their investment objectives. The Advisors receive authority to allocate a client account to third-party money managers in the Investment Advisor Agreement signed by the Client. As a sub-advisor, Sandhill is granted discretionary authority to manage the account according to the investment strategy(ies) selected by the Advisor. Sandhill and/or other third-party marketing firms provide Advisors and program sponsors with regular investment strategy performance updates and other marketing materials. Monthly and quarterly accounts statements are provided by the custodian.

Sandhill currently serves as a Sub-Advisor for the following separately managed account wrap-fee programs:

- Lockwood Advisors Solutions
- American Portfolios Advisors Solutions
- Benjamin F. Edwards ESM Advisory Program
- Medallion Wealth Advisors
- UBS Separately Managed Accounts Program
- Morgan Stanley Consulting Group Advisor Program
- TD Separate Account Exchange Program
- Raymond James Outside Managed Program
- Charles Schwab

**Unified Managed Account Program (UMA)**

Sandhill also participates in Unified Managed Account (UMA) programs. The "sponsors" of these programs currently include: Envestnet, TD Model Market Center, Orion Communities and Lockwood Advisor Solutions. The sponsors contract directly with their clients to perform various types of investment management services. Sandhill delivers "model" portfolios to the sponsors. As part of this UMA, the adviser typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an account.

As of December 31<sup>st</sup>, 2019, Regulatory Assets Under Management:

	<u>Number of Accounts</u>	<u>Assets under Management</u>
Discretionary Accounts	2726	\$1,485,122,050
Non-discretionary Accounts	29	\$123,673,366
Total	2755	\$1,608,795,416

Sandhill Investment Management also provides non-discretionary advisory services for institutional retirement plans. The services provided will vary depending on the needs of the client. Such services may include (but are not limited to) recommendation of investment options and model portfolio allocations, conducting enrollment meetings to disseminate plan information and investment education to

participants, assistance with written investment policy statements, and coordinating with plan service providers.

## **Item 5 – Fees and Compensation**

### **Investment Advisory Fees**

Sandhill offers investment advisory services for a percentage of assets under management per annum. The fee is payable in advance on a quarterly basis. The valuation of the account(s) will be based on the closing prices of the securities held in the portfolio(s) on the last day of the month prior to the quarterly billings. For account(s) that are opened in the middle of any billing cycle, an invoice for the "stub" period will be submitted to the client's custodian. Either party may terminate the advisory agreement at any time.

Standard Discretionary Investment Advisory Fee Schedule:

#### *Discretionary*

- |                                |       |
|--------------------------------|-------|
| • Equity-Only Strategies       | 1.00% |
| • Fixed Income-Only Strategies | 0.65% |
| • Balanced Strategies          | 1.00% |

\*\*\*In certain instances, fees may be negotiable based on account-size and total number of accounts, among other factors.

The client may terminate the Investment Advisory Agreement within five business days of its signing without penalty and a full refund will be provided. Thereafter, the client or the firm may terminate this agreement by notifying the other in writing and termination will become effective after 30 days of receipt of the notice. Fees paid in advance hereunder will be prorated to the date of termination specified in the notice of termination, and any unearned portion thereof will be refunded to the client. However, termination will not affect either the client's or the firm's responsibilities under this agreement for previously initiated transactions or for balances due in the account upon termination. Upon termination, the firm will have no further obligation to act or advise with respect to any account.

The client may grant the firm the authority to receive quarterly payments directly from the client's account held by an independent custodian. Accordingly, the client will provide, in writing, limited authorization to withdraw the contractually agreed upon fees from the account. The custodian of the account is advised in writing of the limitation on the firm's access to the account. The custodian will also send to the client a statement, at least quarterly, indicating all the amounts disbursed from the account including the amount of advisory fees paid directly to the firm.

Sandhill's Investment Advisory fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's

prospectus. Such charges, fees and commissions are exclusive of and in addition to Sandhill's fee, and Sandhill shall not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that the firm considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

### **Sub-Advisory Fees**

Sandhill's sub-advisory fees are negotiated with either individual Advisors or Program Sponsors. For wrap-fee accounts, Sandhill's sub-advisory fee is included in the total wrap-fee charged to the client accounts. Sandhill is paid its sub-advisory fees from the wrap-fee collected by Program Sponsors.

### **Item 6 – Performance-Based Fees and Side-By-Side Management**

Sandhill does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

### **Item 7 – Types of Clients**

Sandhill provides portfolio management services to individuals, corporations or other business entities, pension and profit-sharing plans, trusts, estates, charitable institutions, foundations, endowments, Advisors and separately managed account wrap-fee programs.

Sandhill requires a minimum balance of \$250,000 to open an account although accounts of lesser size may be accepted.

Minimum account balances for sub-advised accounts are negotiated with Advisors or Program Sponsors.

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

The investment process at the firm is marked by fundamental research and discipline. The firm begins its due diligence process by looking for businesses that have superior operating models. The superior operating models create businesses that have structural economic advantage. Structural economic advantage will create businesses that have superior margin and free cash flow relative to other companies in the same industry. The higher free cash flow margin will give the company more capital to reinvest to grow its business.

Structural economic advantage comes from product superiority, quality superiority, process manufacturing that cannot be replicated, the breadth and scale of distribution systems, cost of production advantage, supply constraints, brand awareness, intellectual capital and patents, and management talent. These operating characteristics lead to pricing power and/or superior margin relative to competitors.

When going through the due diligence process, the firm takes a lot of time to understand every business that we might purchase. The firm believes that it is important to know what you own. The firm is very particular about the businesses that it will purchase for clients.

The research process is broken into seven steps:

#### Information gathering and consumption

The firm reads 10-Ks and 10-Qs. The firm reads the quarterly earnings release. The firm's favorite piece of research material is the quarterly earnings call transcripts read a few days after the call. They are very revealing. The firm reads street research and related articles. The firm takes time to learn and understand the operating model of the company.

The firm then talks to the company's management. We believe that any company (to a degree) is a reflection of its CEO.

### Due diligence

With an established working knowledge of the company, the firm tears apart and tries to understand the company's operating model. Is this a good business? What is the quality of the products? Is the company a low cost, high quality manufacturer? What are the company's distribution capabilities? Can the company scale further? Are the end markets large enough so that the company can grow well into the future?

### Assessing operating risk

With a good understanding of the company's operating model, the firm then tries to understand the operating risk associated with the company's operating model. What is the competition? Does the company have pricing power? Will the company be able to maintain and protect its gross and operating margins? Are the company's products subject to commoditization in the future? How talented is management? Does the company control the distribution of its products? What is the geographic reach of the company's distribution system?

After asking and answering these and other questions, we begin to define the operating risk of the company. As we move through the due diligence process, it is important to understand the operating risk that we are exposed to as owners of the company.

### The thesis for success

After going through the first three steps, the covering analyst must then make the thesis for success to the investment committee before purchase of the equity. The covering analyst must then define how and why the company will increase revenue, margin, and profit over time.

The covering analyst will only be able to make a persuasive thesis for success to the rest of the committee if he has thoroughly completed the first three steps of the process.

### Financial characteristics

The firm will only buy companies that have the following financial profiles:

- Strong free cash flow
- Conservative balance sheets.
- High return on invested capital.
- Healthy operating margins
- Significant recurring revenue

The firm finds that investing in companies with these financial characteristics reduces risk.

### Valuation



Valuation is the final step in the investment process. Valuation does not drive purchase of a company; it is merely a condition of purchase. The decision to buy a company has already been made by the time the firm gets to the valuation process. The valuation process simply defines what price we are willing to pay.

The firm adheres to four strict valuation metrics to ensure that we are buying portfolio companies at an attractive price:

- Enterprise value divided by free cash flow
- Return on invested capital
- Net present value of free cash flows
- Net debt to free cash flows

### The Cycle

After completing the due diligence and checking that the equity can be purchased at an attractive valuation, Sandhill then gives final consideration to the investment in the context of the macroeconomic picture and where the industry the company participates are in the cycle. As a general rule, Sandhill invests capital when cycles are bottoming or in the first half of their upward trend.

### Conclusion

Sandhill focuses on purchasing equity in companies that have high quality, difficult to replicate assets that generate strong free cash flows and high returns on invested capital.

Sandhill may use multiple types of securities in managing client accounts, provided that such securities are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations. The following types of securities may be included in our client's accounts: equity securities (exchange-listed securities, securities traded over-the-counter, and foreign issues), corporate debt securities, commercial paper, certificates of deposit, municipal securities, mutual fund shares, United States government securities, and/or options contracts on securities.

Investing in securities involves risk of loss that clients should be prepared to bare. Such risks include market risk, interest rate risk, and currency risk among others. In addition, frequent trading of securities can affect investment performance particularly through increased brokerage and other transactions. Risk cannot be eliminated from the investment process but at Sandhill we never lose site of protecting our client's capital. A few examples of how we work to mitigate investment risks include the purchase of high quality assets with ongoing monitoring, buy limits, and asset allocation. Sandhill is a long-term investor. We purchase securities with the intention of holding them in a client's account for a year or longer. At times, we will need to sell a security within a year of purchase when appropriate (ex. valuation becomes extreme, quality of the company changes).

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Sandhill or the integrity of Sandhill's management. Sandhill has no information applicable to this Item.

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

Jonathan Amoia is a shareholder of OneTen Capital, LLC. OneTen Capital is a venture capital firm with a focus on early-stage investing

These activities are not affiliated with Sandhill Investment Management. Furthermore, Sandhill Investment Management does not recommend or advise clients in regard to any investment related to these activities. Mutual clients are required to sign a disclosure form that outlines any potential conflict inherent to an employee's outside business activity.

## **Item 11 – Code of Ethics**

Sandhill has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition of insider trading, restrictions on the acceptance of significant gifts, personal securities trading procedures, compliance with Federal Securities laws, and reporting of code violations, among other things. All supervised persons at Sandhill must acknowledge the terms of the Code of Ethics annually, or as amended.

The firm, related persons or related entities may buy or sell investment securities recommended to the firm's clients. No related persons may buy a security that is under consideration for purchase or sale. Records will be maintained of all securities bought or sold by the firm, related persons, or related entities. Such records will be available for inspection upon request.

If the security is put on the buy list, it is generally bought in a "block" transaction through an institutional trading desk for all clients that meet suitability requirements and have available cash. Included in that block may be orders for members of the firm. Members must have a signed advisory agreement and be a client of the firm to be included in the block transaction. All blocks are average priced and members of the firm who are clients pay the same ticket charges so that there is no execution or cost advantage for members who have client accounts with the firm.

The Firm maintains a Restricted List of securities which are securities being considered for purchase or sale for one or more of the firm's Composites. Access Persons are prohibited from trading securities on the Restricted List in any personal securities accounts. Securities may be removed from the Restricted List by a member of the Investment Research Team if they are no longer being considered for investment or, if the security is purchased or sold from one of the firm's composites, after all trades in the appropriate client accounts have been executed. The investment team will alert Access Persons of additions and deletions from the Restricted List via email. The investment team will also maintain a current Restricted List in a format that can be easily viewed by all Access Persons within the firm. It is the responsibility of each Access Person to refer to the Restricted List prior to making any trades in their respective personal securities accounts.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of the firm will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt

transactions, based upon a determination that these would materially not interfere with the best interest of the firm's clients. In addition, the Code requires pre-clearance of some transactions, and restricts trading in close proximity to client trading activity as noted above. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between the firm and its clients.

To request a copy of the Company's Code of Ethics contact Shant Goubrial at (716) 852-0279 x305 or in writing at 40 Fountain Plaza, Suite 1300, Buffalo, NY 14202.

It is Sandhill's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. The firm will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

**Privacy Policy** – Sandhill Investment Management is committed to protecting the confidentiality and security of your private information. This notice is provided to help you understand how we safeguard your privacy.

In order to properly service your account, we must obtain some nonpublic personal information about you. The types of information we may need to obtain fall into the following categories:

- Information that we receive from you verbally and/or on applications or other forms; such as, names, addresses, phone numbers, social security numbers, and investment objectives; and
- Information about your transactions with us.

Sandhill Investment Management maintains safeguards to comply with federal and state standards to guard each client's nonpublic personal information ("NPI"). Sandhill Investment Management does not share any NPI with any nonaffiliated third parties, except in the following circumstances:

- As necessary to provide the service that the client has requested or authorized, or to maintain and service the client's account;
- As required by regulatory authorities or law enforcement officials who have jurisdiction over Sandhill Investment Management, or as otherwise required by any applicable law; and
- To the extent reasonably necessary to prevent fraud and unauthorized transactions.

Access to your personal information is restricted to those employees that need to know that information to provide services to you. We maintain physical, electronic, and procedural safeguards to comply with federal standards to protect your personal information.

## Item 12 – Brokerage Practices

For discretionary accounts, the firm has authority to determine the type and amount of securities to be bought and sold, the broker-dealer to be used and the commission rates to be paid without obtaining specific client consent. This authority shall be established upon execution by the client of the power of attorney outlined in the advisory agreement.

Although the firm maintains discretion on these accounts, the firm must adhere to the client's investment objectives including any investment restrictions and/or asset allocation guidelines.

The firm's clients in certain situations may choose their own custodians and may choose to direct transactions for their advisory accounts to a specific broker(s). However, the firm may recommend certain broker-dealers. The value of products, research and services of any recommended firm will be taken into consideration in making the recommendation. See Item 15 for further information related to the research, products and services received by Sandhill as a result of its brokerage relationships.

Sandhill utilizes several different custodians to service advisory clients and sub-advised clients. Clients at different custodians may pay different execution prices for the same security.

Where the firm believes that we can cause trades to be effected more efficiently for our clients, we may attempt to trade away from the designated broker dealer, whether directed or non-directed. A trade away is one in which we place the order for a transaction for one or more client accounts with a broker (“Step-out Broker”), other than the broker that the client has directed us to utilize. The Step-out Broker reports a net price, which could include a commission, mark-up, or spreads paid to market makers for execution which will be borne by the client for which the trade was being executed.

Advisor 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. Advisor receives some benefits from TD Ameritrade through its participation in the program. (Please see the disclosure under Item 14 below.)

Clients are under no obligation to purchase or sell securities through TD Ameritrade Institutional. However, if they choose to do so, commissions and/or transaction fees may be earned by TD Ameritrade Institutional which may be higher or lower than commission rates found at other broker-dealers.

The firm does not warrant or represent that commissions for transactions implemented through TD Ameritrade Institutional will be lower than commissions available if clients use another brokerage firm. However, the firm believes that the overall level of service and support provided to its clients by TD Ameritrade Institutional outweigh the potentially lower transaction cost available from other broker-dealers.

Clients who choose TD Ameritrade as their custodian, and maintain a minimum net equity that is no lower than the SEC No-Action Letter dated January 25, 1994, relating to prime brokerage services have the option to participate in Prime Brokerage. This allows Sandhill to direct brokerage transactions through

broker dealers other than TD Ameritrade. Clients will be charged a commission on these trades in addition to any transaction fees imposed by TD Ameritrade. Clients will receive execution prices on these transactions that may be higher or lower than the execution prices obtained by clients who do not participate in Prime Brokerage. Sandhill may receive research and other products from brokers chosen to execute transactions on behalf of clients enrolled in prime brokerage which are used to service all accounts. It is always the firm's intent to provide best execution for our clients. See Item 15 for more detailed information regarding research, products and services received by Sandhill as a result of its brokerage relationships.

Where the use of specific brokers is requested by a client, the client will be required to make such appointment on a form which will become an attachment to the investment advisory agreement. Adviser may not be authorized under those circumstances to negotiate commissions and may not be able to obtain volume discounts or best execution. A disparity in commission charges may exist between the commissions charged to clients who direct Adviser to use a particular broker-dealer and other clients who do not direct Adviser to use a particular broker-dealer.

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner. It is the policy of the firm to aggregate client transactions where possible. Sandhill prohibits any allocation of trades in a manner that the firm's proprietary accounts, affiliated accounts, or any particular clients receive more favorable treatment than other client accounts. Clients that meet suitability requirements and have available cash should be included in the block. If the trader is unable to fill the entire block order then the partially filled block will be allocated in a manner in which no client or group of clients receive a more favorable treatment than other client account. (e.g., a partial purchase would be allocated to the accounts with the most available cash or pro-rata).

### **Item 13 – Review of Accounts**

Accounts are managed and reviewed by their individual advisors. Clients instruct advisors to adhere to asset allocation guidelines and to purchase equities and fixed income that are appropriate for the account. Advisors will perform ongoing reviews as they receive information, which contains one of the following elements:

- a. Information which would affect the holdings;
- b. when additional funds for investment are received;
- c. when new investment opportunities arise; and
- d. when funds are withdrawn.

Sandhill performs daily reviews of all prior day transactions. Trade review is supervised by the Chief Compliance Officer.

The firm will periodically review account objectives, asset allocation, account holdings, and performance, among other things, with a client. On occasion, a written report will be prepared to accompany the account review.

All clients will receive a confirmation of every trade and quarterly statements which outline the clients' current position, security cost basis, and current market value. Clients will receive monthly account

statements only if a qualifying activity occurs. The custodian will be responsible for sending periodic statements to the client. At a minimum, statements will be sent quarterly. The custodian will be responsible for sending the client and the firm confirmations of purchase and sale transactions in client's account. Refer to Item 15 for more information regarding custody.

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

### **Solicitors**

The firm may enter into agreements with non-related individuals or organizations who may receive compensation for soliciting clients for the firm. These agreements are governed by Rule 206(4)-3 of the Investment Advisers Act of 1940. All clients procured by solicitors will be given full disclosure describing the terms and fee arrangements between the firm and the solicitor. The firm currently has solicitation agreements in place with Elizabeth Greno/Trubee Collins & Co.; Gary Stott; Mary Hosler; Bob Schintzius; Paul Banas; Darcy Anderson and Thomas Brashear/Sunbelt Securities; FM Financial Services; Richard Victor; Jenae Pitts; Peter Petrella; David Kraemer; Robert Artis; Briceland Agency, Inc

### **Emerge Capital Management, Inc., Distribution Services Agreement**

Emerge Capital Management, Inc., is a New York corporation with its principal office in Buffalo, New York. Emerge markets advisory services on behalf of asset managers. Emerge Capital Management, Inc., and Sandhill have executed a written agreement (“Agreement”), under which Emerge has agreed to provide marketing services for certain Sandhill investment strategies. The Agreement is not exclusive except that while the Agreement is still in effect, Emerge may not market strategies that are substantially similar to Sandhill’s Concentrated Equity Alpha (All-Cap) strategy or Concentrated Select Equity (SMID) strategy. Emerge will identify prospective institutional investors (retirement plans, endowments, Program Sponsors, Advisers, advisor representatives and/or brokers participating in wrap-fee programs) who may have an interest in Sandhill’s investment strategies and provide them with marketing materials, strategy updates, and other education. Emerge is not affiliated with and has no relationship with Sandhill other than the relationship created by the contract between Emerge and Sandhill. The Agreement includes provisions which require Emerge to implement policies and procedures designed to maintain the strict confidentiality of all non-public information received by Emerge in order to service accounts and maintain records of fees.

Sandhill has agreed to pay Emerge a fee equal to 35% of the management fees that Sandhill receives from each account (“Asset-Based Fee”), for as long as the account is managed by Sandhill, that flow from any Institutional Client referred by Emerge (“Referred Client”). The Asset-Based Fee is calculated based on all management fees paid to Sandhill by each Referred Client. Emerge also receives a distribution fee according to a revenue schedule to help offset its distribution expenses. This annual fee is a minimum of \$100,000, payable in equal monthly payments at the beginning of each month. Emerge is also entitled to earn an equity interest in Sandhill based on achieving certain levels of production which interest will be held by the sole owner of Emerge.

Each Referred Client will be required to sign a disclosure acknowledging the relationship between Sandhill and Emerge which shall include disclosure of the fees to be paid by Sandhill to Emerge for the services provided.

## **Other Compensation & Soft Dollars**

As disclosed under Item 12 above, Adviser participates in TD Ameritrade's institutional customer program and Adviser may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Adviser's participation in the program and the investment advice it gives to its Clients, although Adviser receives economic benefits through its 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 Adviser 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 Adviser by third party vendors. TD Ameritrade may also have paid for business consulting and professional services received by Adviser's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Adviser but may not benefit its Client accounts. These products or services may assist Adviser in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Adviser manage and further develop its business enterprise. The benefits received by Adviser or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Adviser endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Adviser or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Adviser's choice of TD Ameritrade for custody and brokerage services.

Adviser also receives from TD Ameritrade certain additional economic benefits ("Additional Services") that may or may not be offered to any other independent investment Advisors participating in the program. Specifically, the Additional Services include Advent Software, USitek, Factset, SS&C Technologies, and S&P Global Market Intelligence. TD Ameritrade provides the Additional Services to Adviser in its sole discretion and at its own expense, and Adviser does not pay any fees to TD Ameritrade for the Additional Services. Adviser and TD Ameritrade have entered into a separate agreement ("Additional Services Addendum") to govern the terms of the provision of the Additional Services.

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

Advisor also serves on the TD Ameritrade Institutional Operations Panel ("Panel"). The Panel consists of approximately twenty-four independent investment advisors that advise TD Ameritrade Institutional ("TDA Institutional") on issues relevant to the Advisor and their experience with TD Ameritrade's service, technology, and products. The Panel meets in person on average three to four times per year and conducts periodic conference calls on an as needed basis. Investment advisors are appointed to serve on the Panel for three-year terms by TDA Institutional sales, service and senior management. An investment advisor may serve longer than three years if appointed to additional terms by TDA Institutional senior management. At times, Panel members are provided confidential information about TDA Institutional initiatives. Panel members are required to sign confidentiality agreements. TD Ameritrade, Inc. ("TD Ameritrade") does not compensate Panel members. However, TD Ameritrade pays or reimburses Advisor for the travel, lodging and meal expenses Advisor incurs in attending Panel meetings. The benefits received by the Advisor or its personnel by serving on the Panel 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 Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence Advisor's recommendation of TD Ameritrade for custody and brokerage services.

Additionally, brokerage transactions may be directed to certain broker dealers in return for investment research products and services which assist the firm in its investment decision-making process. These arrangements are often called soft dollar arrangements. Such products and services may include, but are not limited to, research reports, discussions with research analysts and corporate executives, seminars or conferences, financial and economic publications that are not targeted to a wide audience, market research, and market data. The research products and services may include both products and services created by such broker and products and services created by a third party.

These products and services may be used to service all of our client's accounts, not just the accounts that pay for the services. Soft dollar benefits are not proportionally allocated to any accounts that may generate a portion of the soft dollar benefits.

The firm reviews its soft dollar arrangements on at least an annual basis. The firm will make a good faith determination that the amount of commissions allocated to the broker is reasonable in relation to the value of the brokerage and research services provided by the broker. This may create a conflict of interest.

## **Item 15 – Custody**

Sandhill does not accept physical custody of client funds or securities. We may directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your account(s) causes our firm to exercise limited custody over your funds or securities, however, the custodian of the account will hold all customer assets.

The SEC issued a no-action letter ("Letter") with respect to the Rule 206(4)-2 ("Custody Rule") under the Investment Advisers Act of 1940 ("Advisers Act"). The letter provided guidance on the Custody Rule as well as clarified that an adviser who has the power to disburse client funds to a third party under a standing letter of instruction ("SLOA") is deemed to have custody. Our firm has adopted the following safeguards in conjunction with our custodian:



- The client provides an instruction to the qualified custodian, in writing, that includes the client's signature, the third party's name, and either the third party's address or the third party's account number at a custodian to which the transfer should be directed.
- The client authorizes the investment adviser, in writing, either on the qualified custodian's form or separately, to direct transfers to the third party either on a specified schedule or from time to time.
- The client's qualified custodian performs appropriate verification of the instruction, such as a signature review or other method to verify the client's authorization, and provides a transfer of funds notice to the client promptly after each transfer.
- The client has the ability to terminate or change the instruction to the client's qualified custodian.
- The investment adviser has no authority or ability to designate or change the identity of the third party, the address, or any other information about the third party contained in the client's instruction.
- The investment adviser maintains records showing that the third party is not a related party of the investment adviser or located at the same address as the investment adviser.
- The client's qualified custodian sends the client, in writing, an initial notice confirming the instruction and an annual notice reconfirming the instruction.

All clients will receive a confirmation of every trade and quarterly statements which outline the clients' current position, security cost basis, and current market value. Clients will receive monthly account statements only if a qualifying activity occurs. The custodian will be responsible for sending periodic statements to the client. At a minimum, statements will be sent quarterly. The custodian will be responsible for sending the client and the firm confirmations of purchase and sale transactions in client's account.

### **Item 16 – Investment Discretion**

Sandhill usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, Sandhill observes the investment policies, limitations and restrictions of the clients it advises.

Investment guidelines and restrictions must be provided to Sandhill in writing.

### **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Sandhill does not generally retain authority and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in accounts managed by Sandhill. All proxy notices are forwarded directly to the client by the client's account custodians as has been indicated on the client's custodial account application.

Sandhill's current investment advisory agreements specifically transfer proxy voting responsibility to the client with one exception. Sandhill will vote proxies on behalf of ERISA client accounts in instances where the governing plan documents do not specifically preclude the investment manager from doing so. When voting ERISA plan securities, the firm will take responsibility for voting proxies consistent with the best economic interests of the clients. The firm maintains written policies and procedures as to handling the voting and reporting of client proxies. Sandhill's policy and practice includes the responsibility to receive and vote client proxies, when voting is determined to be in the best interest of the clients given the totality of the circumstances, monitor corporate actions, and disclose any potential conflicts of interest.

A copy of the Sandhill's Proxy Voting Policies and Procedures may be obtained by calling Sandhill's Chief Compliance Officer at (716) 852-0279 or by emailing your request to [rmyers@sandhill-im.com](mailto:rmyers@sandhill-im.com).

### **Item 18 – Financial Information**

Registered investment advisers are required in some cases to provide certain financial information and or disclosures about financial condition. For example, if the firm requires prepayment of fees six months or more in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must provide financial information and make disclosures. The firm has no financial or operational conditions which trigger such additional reporting requirements.



**SANDHILL**  
INVESTMENT MANAGEMENT

## Sandhill Investment Management

CRD# 129800 SEC File #801-63194

40 Fountain Plaza, Suite 1300  
Buffalo, New York 14202  
(716) 852-0279  
www.sandhill-im.com

### **Partners**

Edwin M. Johnston III  
Larry S. Stolzenburg, CPA  
Shant Goubrial  
Richard Ryskalczyk, CFA  
Christopher Kicinski, CPA, CFP®  
Jonathan Amoia, CPWA®  
Kristyna (Tina) Allsop Hassler  
Marc Bernstein  
Mark Larry, CFA  
Christopher Roop

### Form ADV, Part 2B – Brochure

Item 1 – Cover Page

March 5<sup>th</sup>, 2020

**This Brochure Supplement provides information about Edwin M. Johnston III, Larry S. Stolzenburg, Shant Goubrial, Richard Ryskalczyk, Christopher Kicinski, Jonathan Amoia, Marc Bernstein, Kristyna (Tina) Allsop Hassler, Mark Larry, Chris Roop and other employees that supplement the Sandhill Investment Management Brochure 2A. You should have received a copy of that Brochure. Please contact Shant Goubrial at (716) 852-0279 or [sgoubrial@sandhill-im.com](mailto:sgoubrial@sandhill-im.com) if you did not receive Sandhill's Brochure or if you have any questions about the contents of this supplement.**

## **Item 2 – Educational Background and Business Experience—**

**Edwin M. Johnston III      DOB: 6/30/1960**

Education Background

Yale University: BA History – 1982 New Haven, CT

Boston University: MBA Finance – 1991 Boston, MA

Employment History

Sandhill Investment Management: 12/2003 – Present, Managing Partner

O’Keefe Shaw & Co., Inc.: 10/2002 – 02/2004, President

Harold C. Brown & Co., Inc.: 07/1995 – 10/2002, Portfolio Manager

**Larry S. Stolzenburg, CPA      DOB: 04/24/1956**

Education Background

Niagara University: BBA Accounting – 1978 Lewiston, NY

Employment History

Sandhill Investment Management:

Partner, 06/2008 – Present (interim-Chief Compliance Officer 02/2016-03/2016)

Larry S. Stolzenburg, CPA, P.C.: 01/1983 – Present, President

**Shant S. Goubrial:      DOB: 05/16/1986**

Education Background:

Walsh College of Accountancy and Business: BBA Management – 2010 Troy, MI

Employment History:

Sandhill Investment Management:

Partner, Chief Operations Officer, 02/2015 – Present

Partner, Senior Operating Officer, 04/2011 – 02/2015

Central Transport: 11/2003 – 12/2010, Supply Chain Premier Operations Analyst

**Richard W. Ryskalczyk, CFA:      DOB: 02/13/1989**

Education Background:

Canisius College: BS Economics and Finance – 2010 Buffalo, NY

Employment History:

Sandhill Investment Management: 06/2010 – Present, Partner, Chief Equity Analyst

**Mark Larry, CFA:      DOB 11/11/1986**

Education Background:

St. Bonaventure University: BBA Finance - 2009, MBA – 2010 Olean, NY

Employment History:

Sandhill Investment Management: 01/2018 – Present, Partner, Senior Equity Analyst

Sandhill Investment Management: 05/2013 – 01/2018, Equity Analyst

Citigroup: 07/2010 – 05/2013; Middle Office

**Christopher Kicinski, CPA, CFP®:      DOB: 12/17/1980**

Education Background:

University at Buffalo: BS Accounting and Finance – 2003 Buffalo, NY

Employment History:

Sandhill Investment Management: 08/2011 – Present, Partner, Investment Adviser

Lumsden McCormick Financial Services, LLC: 03/2007 – 07/2011, Financial Advisor

Lumsden McCormick, LLP: 07/2003 – 07/2011, Manager

**Jonathan Amoia: DOB: 12/17/1980**

Education Background:

SUNY New Paltz: BS Marketing – 2003 New Paltz, NY

University of Rochester, William E. Simon Graduate School of Business: MBA – 2007 Rochester, NY

Employment History:

Sandhill Investment Management: 03/2014 – Present, Partner, Director of Business Development

Citigroup Global Markets: 01/2008 – 02/2014; Vice President

**Marc D. Bernstein: DOB: 8/13/1972**

Education Background

State University of New York at Buffalo: BA Psychology 1995 Buffalo, NY

Employment History

Sandhill Investment Management: 11/2017-Present, Partner, Investment Adviser

Manning & Napier Advisors: 06/2004-11/2017, Vice President/Client Consultant

RBS Lynk: 04/2003-06/2004, Regional Sales Manager/ New York State

Barnes Enterprises: 03/2002-03/2003, Owner

Sam-Son Distribution, Inc.: 11/1997-12/2001, Vice-President of Administration

Magna Marketing Specialists, Inc.: 01/1995-11/1997, President

**Christopher B. Roop: DOB: 12/01/1968**

Education Background

Bryant University: BS Finance 1992 Smithfield, RI

Employment History

Sandhill Investment Management: 02/2019-Present, Partner

Manning & Napier Advisors: 12/2004-02/2019, Vice President/Client Consultant

Redspring Communications: 09/1995-09/2004, Vice President/Sales & Marketing

ADP: 08/1994-09/1995, District Manager

Ahlstrom.: 01/1993-08/1994, Financial Analyst

**Stephen K. Garvin: DOB: 3/31/1961**

Education Background

Hamilton College: BA – 1983 Clinton, NY

Southern Methodist University: post-graduate work – 1985 Dallas, TX

University of Pennsylvania/Wharton School of Business, Securities Industry Institute – 1994 Philadelphia, PA

Employment History

Sandhill Investment Management: 03/2013 – Present, Investment Adviser

T3 Trading: 09/2011 – 12/2011

Garvin Brothers/Milkie Ferguson Investments: 10/2004 – 2009

Southwest Securities: 01/1993 – 10/2004

Shearson, Lehman Brothers: 02/1990 – 01/1993

Prudential Bache: 12/1987 – 01/1990

Eppler, Guerin & Turner: 04/1985 – 12/1987

**Thomas E. Baker DOB: 01/03/1971**

Education Background

Michigan State University: BS Finance – 1993 East Lansing, MI

Employment History

Sandhill Investment Management: 08/2016-Present, Investment Adviser

KeyBank: 10/2012-07/2016, Wealth Advisor

Wilmington Trust: 05/2011-10/2012, Institutional Sales

State Street Global Advisors, 04/2001-12/2010, Head of RFP Group

**Brian D. Dillon AIFA®, ChFC**      **DOB: 5/14/1958**

Education Background

Syracuse University: BA Psychology – 1980 Syracuse, NY

Employment History

Sandhill Investment Management: 01/2019 – Present, Investment Adviser, Retirement Plan Fiduciary

Marsh & McLennan Agency, LLC: 11/2017-01/2019, Client Executive

Fiduciary Investment Advisors, LLC: 02/2016-10/2017, Consultant

Positive Retirement Outcomes, LLC: 01/2009-01/2016, Founder and President

John Hancock Funds: 03/2006-12/2008, Regional Director | DCIO

MFS Investment Management: 06/1997-10/2005, Regional Vice President

Fleet Investment Management: 01/1992-06/1997, Vice President

NYLIFE Securities: 02/1990-01/1992, Regional Vice President

New York Life Insurance Company: 03/1983-02/1990, Agent, Sales Manager

**Ryan Myers: DOB: 08/02/1985**

Education Background: Columbia College: BS Finance - 2014 Columbia, MO

University of Missouri: Undergraduate work 2004-2007 Columbia, MO

Employment History:

Sandhill Investment Management: 03/2016 – Present; Chief Compliance Officer

M&T Securities: 09/2014-03/2016; Financial Consultant

Merrill Lynch/Bank of America: 07/2013-09/2014; Financial Advisor

Alden Medical Supply: 01/2013-07/2013; Account Manager

Myers Medical: 02/2012-04/2013; President

Moore Medical: 12/2011-04/2012; Account Manager

RecoverCare LLC: 03/2007-12/2011, 06/2005-08/2006; Account Executive

**Kristyna (Tina) Allsop Hassler: DOB: 10/5/1985**

Education Background:

University of Connecticut: BA Economics – 2007 Storrs, CT

Employment History:

Sandhill Investment Management: 01/2017 – Present, Partner, Director of Client Service & Media

Sandhill Investment Management, 05/2013 – 01/2017, Client Service & Media

Citigroup: 09/2011 – 05/2013; Assistant Vice President – ICG Risk

Gleacher Fund Advisors LP: 05/2008 – 09/2011; Investor Relations Associate

**Traci Dority-Shanklin: DOB: 8/11/1967**

Education Background

James Madison University: BS Communications & Marketing – 1989 Harrisonburg, VA

Employment History

Sandhill Investment Management: 12/2019 – Present, Managing Director

Sisu Investment Partners: 01/2018 – 12/2019, Managing Partner

EnTrust Global: 11/2005 – 09/2017, Senior Advisor, Managing Director

Prudential Investment Services: 01/2000 – 11/2005, Vice President, Western Region

Weatherly Capital Group: 01/1999 – 01/2000, Marketing Consultant

The Kamber Group: 09/1989 – 01/1999, Account Executive

**David C Roewer: DOB: 02/18/1950**

Education Background

Ohio University: BBA – 1972 Athens, OH

Employment History

Sandhill Investment Management: 01/2020 – Present

Retired: 05/2019 – 01/2020

Manning & Napier Advisors: 08/1990 – 05/2019

**Christian D. Martinez:           DOB: 04/09/1991**

Education Background

Buffalo State College: BS Business Administration – 2015 Buffalo, NY

Employment History

Sandhill Investment Management: 12/2018-Present, Advisor Associate

Empire EMCO: 10/2017-11/2018, Regional Sales Manager

Dex.YP: 06/2017-10/2017, Senior Business Advisor

Alleyoop: 02/2017-06/2017, SDR Manager

Supplemental Healthcare: 10/2016-02/2017, Recruiting Manager

Dex.YP: 07/2013-10/2016, Senior Business Advisor

**Hannah Schwartz Mahoney:   DOB: 11/20/1994**

Education Background:

Buffalo State College: B.S. Business Administration – 2015 Buffalo, NY

Employment History:

Sandhill Investment Management: 08/2016- Present, Client Service & Media

CP Staffing: 09/2015-08/2016, Research Analyst

**Trisha Allsop:                   DOB 4/22/1992**

Education Background:

University at Buffalo: B.S. Business Administration, Finance Concentration - 2016

Employment History:

Sandhill Investment Management: 01/2019 – Present, Client Service

Sandhill Investment Management: 08/2016 – 01/2019, Operations Associate

HSBC: 06/2016 - 08/2016, Data Analyst

Student: 08/2014-06/2016

**Aaron VandeGuchte:           DOB: 4/23/1995**

Education Background:

Grand Valley State University: BBA Finance & International Business – 2017 Grand Rapids, MI

Employment History:

Sandhill Investment Management: 05/2017 – Present, Equity Analyst

Eenhoorn LLC: 04/2016 – 04/2017, Finance and Accounting Intern

Gordon Food Service: 08/2015 – 04/2016, Category Analyst Intern

Kellogg Company: 06/2015 – 08/2015, Business Development Intern

Tradehome Shoe Stores: 09/2014 – 06/2015, Sales Associate

GR8Lakes Essentials: 01/2014 – 04/2014, Business Development Intern Analyst

**Jenny Ly:                   DOB 11/11/1997**

Education Background:

University at Buffalo: B.S. Business Administration- 2018 Buffalo, NY

Employment History:

Sandhill Investment Management: 01/2019-Present, Operations Associate

Cara Mia Pet Resort: 06/2016-01/2019

Key Bank: 06/2017-09/2018

Jasmine Thai: 04/2016-07/2016

## **CFA Program Description for SEC Form ADV Part 2B**

The **CHARTERED FINANCIAL ANALYST(CFA)** charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.

There are currently more than 138,000 CFA charter holders working in 134 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

### **High Ethical Standards**

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charter holders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

### **Global Recognition**

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charterholders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 30 countries and territories recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

### **Comprehensive and Current Knowledge**

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession. To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).

**CERTIFIED PUBLIC ACCOUNTANT (CPA):** CPAs are licensed and regulated by their state boards of accountancy. While state laws and regulations vary, the education, experience and testing requirements for licensure as a CPA generally include minimum college education (typically 150 credit hours with at least a baccalaureate degree and a concentration in accounting), minimum experience levels (most states require at least one year of experience providing services that involve the use of accounting, attest, compilation, management advisory, financial advisory, tax or consulting skills, all of which must be achieved under the supervision of or verification by a CPA), and successful passage of the Uniform CPA Examination. In order to maintain a CPA license, states generally require the completion of 40 hours of continuing



professional education (CPE) each year (or 80 hours over a two year period or 120 hours over a three year period). Additionally, all American Institute of Certified Public Accountants (AICPA) members are required to follow a rigorous Code of Professional Conduct which requires that they act with integrity, objectivity, due care, competence, fully disclose any conflicts of interest (and obtain client consent if a conflict exists), maintain client confidentiality, disclose to the client any commission or referral fees, and serve the public interest when providing financial services. The vast majority of state boards of accountancy have adopted the AICPA's Code of Professional Conduct within their state accountancy laws or have created their own.

The **CERTIFIED FINANCIAL PLANNER™**, CFP® and federally registered CFP (with flame design) marks (collectively, the "CFP® marks") are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. ("CFP Board").

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 62,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- Education – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- Examination – Pass the comprehensive CFP® Certification Examination. The examination, administered in 10 hours over a two-day period, includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- Experience – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- Ethics – Agree to be bound by CFP Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- Continuing Education – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- Ethics – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

**CHARTERED FINANCIAL CONSULTANT® (ChFC®):** The Chartered Financial Consultant (ChFC®) designation is issued by The American College and is granted to individuals who have at least 3 years of full-time business experience within the 5 years preceding the awarding of the designation. The candidate is required to take 7 mandatory courses which include the following disciplines: financial, insurance, retirement and estate planning; income taxation, investments and application of financial planning; as well as two elective courses involving the application of the aforementioned disciplines. Each course has a final proctored exam and once issued, the individual is required to submit 30 hours of continuing education every 2 years.

**ACCREDITED INVESTMENT FIDUCIARY ANALYST® (AIFA®):** The AIFA Designation certifies that the recipient has advanced knowledge of fiduciary standards of care, their application to the investment management process, and procedures for assessing conformance by third parties to fiduciary standards. To receive the AIFA Designation, the individual must hold the AIF Designation, meet prerequisite criteria based on a combination of education, relevant industry experience, auditing experience, and/or ongoing professional development, complete a training program, successfully pass a comprehensive, closed-book final examination under the supervision of a proctor and agree to abide by the Code of Ethics and Conduct Standards. In order to maintain the AIFA Designation, the individual must annually attest to the Code of Ethics and Conduct Standards and accrue and report a minimum of ten hours of continuing education. The Designation is administered by the Center for Fiduciary Studies, the standards-setting body of fi360.

**CERTIFIED PRIVATE WEALTH ADVISOR® (CPWA®):** The CPWA® designation signifies that an individual has met initial and on-going experience, ethical, education, and examination requirements for the professional designation, which is centered on private wealth management topics and strategies for high-net-worth clients. Prerequisites for the CPWA designation are: a Bachelor's degree from an accredited college or university or one of the following designations or licenses: CIMA®, CIMC®, CFA®, CFP®, ChFC®, or CPA license; have an acceptable regulatory history as evidenced by FINRA Form U-4 or other regulatory requirements, and five years of experience in financial services or delivering services to high-net-worth clients. CPWA designees have completed a rigorous educational process that includes self-study requirements, an in-class education component, and successful completion of a comprehensive examination. Ethics and Continuing Education CPWA designees are required to adhere to IMCA's Code of Professional Responsibility and Rules and Guidelines for Use of the Marks. CPWA designees must report 40 hours of continuing education credits, including two ethics hours, every two years to maintain the certification. The designation is administered through Investment Management Consultants Association (IMCA).

### **Item 3 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### **Item 4 – Other Business Activities**

Jonathan Amoia is a shareholder of OneTen Capital, LLC. OneTen Capital is a venture capital firm with a focus on early-stage investing. Additionally, Jonathan is also a principal owner of Alkemy Machine, LLC d/b/a Aurora Machine. Jonathan spends less than 10 hours per month in these roles.

David Roewer is an equity owner of Manning & Napier Advisors.

Stephen Garvin is an investor and serves as Interim CEO for Savage IO, Inc. Savage IO focuses on big data storage, currency mining, and computing software. Stephen spends 10-20 hours per month in his role with Savage IO. Stephen is also a member of the Buffalo Angels Group. This is a division of WNY Venture that provides capital for start-ups. Stephen spends 2-4 hours per month on this activity.

The above-mentioned business activities are not affiliated with Sandhill Investment Management. Furthermore, Sandhill Investment Management does not recommend or advise clients in regard to any investment related to these activities. Mutual clients are required to sign a disclosure form that outlines any potential conflict inherent to an employee's outside business activity.

### **Item 5 – Additional Compensation**

The supervised persons listed above do not receive any form of compensation from a non-client in conjunction with the advisory services they provide to their clients.

**Item 6 – Supervision**

Sandhill has written policies and procedures which are designed to set standards and internal controls for the firm, its employees, and its businesses and are also reasonably designed to detect and prevent any violations of regulatory requirements and the firm's policies and procedures. The Chief Compliance Officer, Ryan Myers, is designated as responsible for implementing and monitoring the firm's policies and procedures. Every employee has a responsibility for knowing and following the firm's policies and procedures. The Chief Compliance Officer reports directly to Edwin M. Johnston III. The Chief Compliance Officer reviews Mr. Johnston's activities; however, as managing partner he does not report to a supervisor. You may contact either Mr. Johnston or Mr. Myers as follows:

Edwin M. Johnston III  
Managing Partner  
(716) 852-0279  
emj@sandhill-im.com

Ryan Myers  
Chief Compliance Officer  
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