2102 N. Elm Street, Suite C
Greensboro, North Carolina 27408
(336) 574-1400 - fax (336) 574-1441
Toll Free (888) 541-1400
www.holdernessinvestments.com

Part 2A of Form ADV

The Brochure

Updated: March 25, 2024

This brochure provides information about the qualifications and business practices of Holderness Investments Company (Holderness). If you have any questions about the contents of this brochure, please contact us at (336) 574-1400. 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 Holderness Investments Company is also available on the SEC's website at: www.adviserinfo.sec.gov.

Holderness Investments Company

Item 2: Statement of Material Changes to Form ADV

Our most recent update to Part 2A of Form ADV was made March 30, 2023. This update contains the following material changes since the last annual update:

- Item 14 – updated disclosures regarding referral arrangements with McMillion Capital Management, Inc. and Shahbaz, Carothers & Company, P.A. Certified Public Accountants.
- Item 5 – updated disclosures regarding the portfolio management fees charged by Holderness.

A copy of Holderness's complete Form ADV Brochure and Brochure Supplement is available without charge by contacting Holderness at (336) 574-1400 or at our website www.holdernessinvestments.com. Additional information about Holderness is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 3: Table of Contents

Item 4: Advisory Business

Holderness primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension, profit- sharing plans, and other legal entities, (each a "Client" and collectively the "Clients"). Holderness generally invests Client assets in domestic and international stocks, bonds, mutual funds, and exchange traded funds ("ETFs").

Holderness works with each Client to establish an appropriate Investment Profile. Holderness will work with each Client to document their respective Investment Profile, including:

- A description of the Client's situation, risk profile, and objectives
- Explanation of the investment strategy that will be pursued; and
- Documenting any guidelines and/or restrictions.

Holderness was founded in 1995 and is owned by Richard Holderness and Kim Cummings Eder. As of December 31, 2023**,** Holderness managed approximately $486,052,778 on a discretionary basis and approximately $24,772,648 on a non-discretionary basis.

General

Portfolio management fees are individually negotiated with each client, are based on a percentage of assets under management, and are generally subject to a maximum fee of one percent (1%), depending on the level of engagement. The specific advisory fees will be identified in the investment advisory agreement between the client and Holderness. Holderness may, in its discretion, make exceptions to the foregoing or negotiate special fee arrangements where Holderness deems it appropriate under the circumstances.

Holderness charges fees quarterly in arrears based on an accounts average daily balance during the quarter. The account value upon which the fee is based will include the current fair market value of all your investments managed by Holderness. These may include mutual funds, ETFs, fixed annuity accounts, stocks, bonds, and other securities as noted above in the Advisory Business section. Most Clients authorize Holderness to deduct fees automatically from their brokerage accounts, but Clients may request that Holderness send quarterly invoices to be paid by check.

If a Client terminates the investment management agreement with Holderness in the middle of a billing period, Holderness will invoice the Client for an amount that is pro-rated based on the account's average daily balance and the number of days that the account was managed during that quarter.

In addition to Holderness's investment management fees, Clients bear trading costs and custodial fees. To the extent that Clients' accounts are invested in mutual funds and/or ETFs that charge a separate layer of management, trading, and administrative expenses, the Client is responsible for paying those costs.

Item 6: Performance Based Fees and Side-by-Side Management

Holderness does not charge any performance fees, and as a result, Holderness does not have any associated conflicts of interests that generally accompany these types of arrangements.

Item 7: Types of Clients

Holderness primarily provides customized investment management services to high-net-worth individuals and associated trusts, estates, pension and profit-sharing plans, and other legal entities. Holderness's minimum account size is generally $1,000,000, but this amount is negotiable.

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

The Holderness Investment Team works to conduct fundamental analysis on all investments recommended for Client accounts. This analysis varies depending on the investment in question. Our investment selection process is rooted in an in-depth bottom-up company analysis while acknowledging our consensus macroeconomic outlook. Our Investment Team utilizes multiple tools to screen for investment ideas and ongoing company analysis.

For stocks and bonds, the analysis generally includes a review of:

- The issuer's management;

- The amount and volatility of past profits or losses;

- The issuer's assets and liabilities, as well as any material changes from historical norms;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry; and
- Any other factors considered relevant.

For mutual funds and ETFs, the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;
- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant.

The Holderness Investment Team meets periodically to discuss investment ideas, economic developments, current events, investment strategies, and Client holdings. The Investment Team consists of Richard Holderness, the Chief Investment Officer, Kim Cummings Eder, Ken Shahbaz, and Sheila Falls. Investments are evaluated independently, as well as in the context of Clients' existing holdings and sector exposures.

Holderness primarily invests for relatively long-term horizons, generally two years or more. However, market developments, Client needs and other circumstances could cause Holderness to sell securities more quickly.

Depending on a Client's investment objectives, Holderness may recommend warrants, commercial paper, certificates of deposit, interests in partnerships, commodities, buying or writing of options, or purchasing fixed or variable annuities.

All investing involves a risk of loss.

Investment Strategies we offer include:

Custom Portfolio Management

Since our founding, we have specialized in custom portfolio management. The process begins with an evaluation of each Client's goals and risk profile. Normally, Holderness maintains discretionary trading authority over the account and makes buy/sell decisions based on our research conclusions. Holderness can customize these investments based on a Client's specific requests (e.g., investing in a specific sector/stock). Client service is handled by the Holderness team, and we can cater to unique client needs through cash management or trading services. Clients are scheduled for periodic reviews of their performance and investment goals and may call our office at any time to discuss their accounts. Holderness will also maintain non-discretionary accounts for Clients under this solution if they have existing investments they would like to hold.

Vision Tactical Strategies

These actively managed model portfolios are designed to utilize a strategic and diversified mix of asset classes to establish a core portfolio. This solution is thematic and derived from our macroeconomic outlook. The portfolios are constructed in response to our overall market viewpoint, so that the allocation may take advantage of tactical opportunities within various asset classes. Clients will be able to choose one of five portfolios based on their risk profile. Those models are Equity, Growth, Balanced, Conservative, and Fixed Income. The portfolios are dynamic; rebalancing will be conducted as needed to maintain target allocations. Each of the five portfolios generally holds ETFs.

Third-Party Investment Managers

Holderness may recommend Clients to use independent and un-affiliated third-party investment managers for individual management of Client accounts. Holderness will assist Clients in identifying a third-party portfolio manager. Holderness will provide initial and ongoing assistance regarding the third-party portfolio manager selection process. The third-party portfolio manager may have a minimum account value (e.g., $100,000) that is required for a Client to invest with them.

Risk of Loss - General

All investing involves a risk of loss and the investment strategy offered by Holderness could lose money over short or even long periods of time. Performance could be negatively impacted by several different market risks including, but not limited to, that portfolio management techniques used by Holderness may not produce the desired results. This could cause accounts to decline in value. In addition, Holderness may rely on information that turns out to be erroneous. Holderness selects investments based, in part, on information provided by issuers to regulators or made directly available to Holderness by the issuers or other sources. Holderness is not always able to confirm the completeness or accuracy of such information, and in some cases, complete and accurate information is not available. Incorrect or incomplete information increases risk and may result in losses.

- Potential Risks of Investing in Stocks, Mutual Funds, ETFs and Bonds:

Stock Market Risk - Stock market risk is the possibility that stock prices overall will decline over short or extended periods. Investing in small- and medium-sized companies involves greater risk and more price volatility than is customarily associated with more established companies. Stocks of such companies may be subject to more volatility in price than larger company securities.

Foreign Securities Risk - Foreign securities are subject to the same market risks as U.S. securities, such as general economic conditions and company and industry prospects. However, foreign securities involve the additional risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency conversion; and pricing factors affecting investment in the securities of foreign businesses or governments.

Interest Rate Risk - Bonds also experience market risk because of changes in interest rates. The general rule is that if interest rates rise, bond prices will fall. The reverse is also true: if interest rates fall, bond prices will generally rise.

A bond with a longer maturity (or a bond fund with a longer average maturity) will typically fluctuate more in price than a shorter- term bond. Because of their very short-term nature, money market instruments carry less interest rate risk.

Credit Risk - Bonds and bond mutual funds are also exposed to credit risk, which is the possibility that the issuer of a bond will default on its obligation to pay interest and/or principal. U.S. Treasury securities, which are backed by the full faith and credit of the U.S. Government, have limited credit risk, while securities issued or guaranteed by U.S. Government agencies or government-sponsored enterprises that are not backed by the full faith and credit of the U.S. Government may be subject to varying degrees of credit risk. Corporate bonds rated BBB or above by Standard & Poor's are generally considered to carry moderate credit risk. Corporate bonds rated lower than BBB are considered to have significant credit risk. Of course, bonds with lower credit ratings generally pay a higher level of income to clients.

Liquidity Risk - Liquidity risk exists when a particular security is difficult to trade. A mutual fund’s investment in illiquid securities may reduce the returns of the mutual fund because the mutual fund may not be able to sell the assets at the time desired for an acceptable price or might not be able to sell the assets at all.

Call Risk - Many fixed income securities have a provision allowing the issuer to repay the debt early, otherwise known as a "call feature." Issuers often exercise this right when interest rates are low. Accordingly, holders of such callable securities may not benefit fully from the increase in value that other fixed income securities experience when rates decline. Furthermore, after a callable security is repaid early, a mutual fund would reinvest the proceeds of the payoff at current interest rates, which would likely be lower than those paid on the security that was called.

Objective/Style Risk - All mutual funds are subject, in varying degrees, to objective/style risk, which is the possibility that returns from a specific type of security in which a mutual fund invests will trail the returns of the overall market.

U.S. Government Agency Securities Risk - Securities issued by U.S. Government agencies or government-sponsored entities may not be guaranteed by the U.S. Treasury. If a government-sponsored entity is unable to meet its obligations, the securities of the entity will be adversely impacted.

ETF Risk - Clients may invest in ETFs which may, in turn, invest in equities, bonds, and other financial vehicles. ETFs are investment companies whose shares are bought and sold on a securities exchange. An ETF holds a portfolio of securities designed to track a particular market segment or index. Clients could invest in an ETF to gain exposure to a portion of the U.S. or foreign market. Investing in ETFs involves risk. Specifically, ETFs, depending on the underlying portfolio and its size, can have wide price (bid and ask) spreads, thus diluting or negating any upward price movement of the ETF or enhancing any downward price movement. Certain ETFs may employ leverage, which creates additional volatility and price risk depending on the amount of leverage utilized, the collateral, and the liquidity of the supporting collateral. Further, the use of leverage (i.e., employing the use of margin) generally results in additional interest costs to the ETF. Certain ETFs are highly leveraged and therefore have additional volatility and liquidity risk. Volatility and liquidity can severely and negatively impact the price of the ETF's underlying portfolio securities, thereby causing significant price fluctuations of the ETF.

Conflict in Ukraine - Russia launched a large-scale invasion of Ukraine in February 2022. The extent and duration of the military action, the possibility of the conflict expanding beyond Ukraine and Russia and resulting sanctions and other economic and political measures and future market disruptions in the region and worldwide are impossible to predict but could be significant and have a severe adverse effect on the region and collateral effects globally, including significant negative impacts on the global economy.

- Potential Risks related to Cybersecurity:

Holderness and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose both Holderness and its Clients to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. While Holderness has established a business continuity plan in the event of, and risk management strategies, systems, policies and procedures to seek to prevent, cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified.

- Potential Risks Related to Business, Terrorism and Catastrophes.

Clients will be subject to the risk of loss arising from exposure that may incur, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism, and other catastrophic events such as a pandemic. These catastrophic risks of loss can be substantial and could have a material adverse effect on Holderness's business and client portfolios including investments recommended by Holderness.

Item 9: Disciplinary Information

Holderness and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a Client's evaluation of the company or its personnel.

Item 10: Other Financial Industry Activities and Affiliations

Holderness Asset Solutions, LLC, an affiliated entity, provides alternative insurance- based solutions for clients. The managing members of the LLC are Richard Holderness and Kim Cummings Eder. Our employees may be licensed as insurance agents for Holderness Asset Solutions, LLC. In this capacity, they can effect transactions in insurance products for clients and earn commissions for the affiliate in these activities. The fees Clients pay to Holderness for advisory services are separate and distinct from the commissions earned for insurance related activities. This presents a conflict of interest because Holderness may have an incentive to recommend insurance products for the purpose of generating commissions rather than solely based on Client needs. However, Clients are under no obligation, contractually or otherwise, to purchase insurance products through any person or entity affiliated with Holderness. Clients are advised that similar insurance services are available elsewhere.

Intercarolina Financial Services, Inc. (Intercarolina) is a registered broker-dealer registered with FINRA and the SEC. As a broker-dealer, Intercarolina transacts business in various types of securities, including mutual funds, stocks, bonds, commodities, options, private and public partnerships, variable annuities, and other investment products. Our employees may be registered representatives of Intercarolina and will receive commissions for selling investment products to clients. A conflict of interest exists since an employee has an incentive to recommend products that pay commissions.

Holderness does not engage in accounting and tax services to clients. However, certain Holderness representatives, in their individual capacities, may be licensed Certified Public Accountants, and may provide accounting and tax services. Clients can engage these representatives to provide accounting and tax services. Any activity by your investment adviser representative as a Certified Public Accountant or in providing accounting and tax services is separate and distinct and outside of his or her role with Holderness. You should understand that Holderness does not review, approve nor supervise your investment adviser's representative's recommendations as a Certified Public Accountant.

Other than the conflicts mentioned above, Holderness and its employees do not have any other relationships or arrangements with other financial services companies that pose material conflicts of interest.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Holderness has adopted a written code of ethics that is applicable to all employees. Among other things, the code requires Holderness and its employees to:

- act in clients' best interests
- abide by all applicable regulations
- avoid even the appearance of insider trading
- pre-clear and report on many types of personal securities transactions

Holderness's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. A copy of Holderness's code of ethics is available upon request.

Holderness does expect that, in the normal course of investment advising, certain securities would be bought or sold for itself, as well as by employees, that will also be recommended for Clients. Holderness has implemented an internal policy to monitor personal trading of its employees to mitigate potential conflicts of interests. The policy includes such controls as required pre-clearance of trades, and quarterly reporting of securities transactions by employees. Employees are permitted to trade the same securities on the same day as clients only when the employees participate in an aggregated or "block" trade with clients and receive the same average price. In any situation where a transaction is partially filled, no employee will receive an allocation from the block transaction until all clients have fully participated to their desired allocation. In addition, certain personal trades must be pre-cleared by Richard Holderness prior to execution.

Under certain circumstances an employee might invest in a security that is not considered suitable for client accounts because of size, liquidity, or other factors. A change in these factors could result in the security becoming more suitable for Clients, but Mr. Holderness, President, might not allow the security to be purchased for Client accounts to avoid even the appearance of employees trading ahead of clients. In the company's experience, it is rare for an employee's personal trading to limit Clients' investment opportunities, but such a situation may arise from time to time.

In the normal course of business, managers, members and/or associated persons of Holderness may provide gifts and gratuities to various clients and other persons. These gifts, gratuities and contributions are not premised upon any specific client referrals or any expectation of any other type of benefit to Holderness.

Item 12: Brokerage Practices

Generally, Holderness recommends Clients to establish brokerage accounts with Charles Schwab & Co., Inc. ("Schwab") a FINRA-registered broker-dealer, members SIPC, to maintain custody of clients' assets and to effect trades for their accounts. We consider a wide range of factors in deciding which broker/custodian to recommend, including:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody)
- capability to execute, clear and settle trades (buy and sell securities for your account)
- capabilities to facilitate transfers and payments to and from accounts (wire transfers, check requests, etc.)
- breadth of investment products made available (mutual funds, ETFs, etc.)
- availability of investment research and tools that assist us in making investment decisions
- quality of services
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them
- reputation, financial strength and stability of Schwab
- Schwab's prior service to us and our other clients
- availability of other products and services that benefit us, as discussed below (see *Products and Services Available to Holderness from Schwab* below)

<u>Products and Services Provided by Schwab</u>

Schwab Advisor Services™ serves independent investment advisory firms like Holderness. Schwab provides Holderness and its clients with access to its institutional brokerage - trading, custody, reporting, and related services—many of which are not typically available to retail customers. Schwab also makes available various support services. Some of those services help Holderness manage or administer

Clients' accounts, while others help Holderness manage and grow its business. Following is a more detailed description of Schwab's support services:

Services that Benefit Clients

Schwab's institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some to which Holderness might not otherwise have access to, or that would require a significantly higher minimum initial investment by Holderness's Clients.

Services that May Not Directly Benefit Clients

Schwab also makes available other products and services that benefit Holderness but may not directly benefit Clients. These products and services assist Holderness in managing and administering Client accounts. Schwab includes investment research, including that of third parties, which Holderness may use to service all or a substantial number of its clients' accounts, including accounts not maintained at Schwab. In addition to investment research, Schwab also purchases, reimburses, or makes available benefits, software, and other technology that:

- Provide access to client account data (such as duplicate trade confirmations and account statements)
- Facilitate trade execution and allocate aggregated trade orders for multiple client accounts
- Provide pricing and other market data
- Facilitate payment of Holderness's fees from Holderness's clients' accounts
- Assist with back-office functions, recordkeeping, and client reporting

Services that Generally Benefit Only Holderness

Schwab also offers other services intended to help Holderness manage and further develop its business enterprise. These services include:

- Educational conferences and events
- Consulting on technology, compliance, legal, and business needs
- Publications and conferences on practice management and business succession
- Access to employee benefits providers, human capital consultants, and insurance providers
- Marketing consulting and support

Schwab may provide some of these services themselves. In other cases, they will arrange for third-party vendors to provide the services to Holderness. Schwab may also discount or waive their fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide Holderness with other benefits, such as occasional business entertainment of Holderness personnel.

Holderness's Interest in Schwab's Services

The availability of these services from Schwab benefits Holderness as it does not have to produce or purchase them. Holderness does not have to pay for Schwab's services, and these services are not contingent upon Holderness committing any specific amount of business to Schwab. These services are not soft dollar arrangements but are part of the institutional platforms offered by Schwab.

The availability of Schwab services may give Holderness an incentive to recommend that clients maintain accounts with Schwab, based on Holderness's interest in receiving Schwab's services that benefit Holderness's business rather than based on clients' interests in receiving the best value in custody services and the most favorable execution of transactions. This is a potential conflict of interest. Holderness believes, however, that its recommendation of Schwab, when appropriate, as custodian and broker is in the best interests of clients. Holderness's recommendation is primarily supported by the scope, quality, and price of Schwab's services. Holderness does not believe that recommending clients to maintain assets at Schwab presents a material conflict of interest.

<u>The Selection of Trading Counterparties</u>

Holderness can typically trade accounts held at Schwab using other broker/dealers. However, clients are charged trade-away fees that Holderness believes may outweigh any benefits from trading stocks, mutual funds, or ETFs with other brokers. The availability and pricing of bonds varies more widely, so prior to placing a bond trade, Holderness may solicit bids from several dealers and then execute the trade with the dealer that offers sufficient liquidity and the most favorable pricing.

For clients who elect to have their accounts held by firms other than Schwab, Holderness's approach is generally to trade stocks, mutual funds, and ETFs with the chosen custodian, and to trade bonds with the dealer that offers sufficient liquidity and the most favorable pricing.

Some clients' accounts are relatively small, in which case the custodian may not allow Holderness to trade through other firms. Other clients may specifically request that their accounts only be traded through a particular broker/dealer. Holderness trades these accounts through the firm chosen by the client, which limits Holderness's ability to seek best execution and prohibits the client from participating in block trades. Trading restrictions may result in materially higher trading costs and reduced returns.

Directed Brokerage

As noted above, Holderness generally recommends the establishment of brokerage accounts with Schwab to maintain custody of clients' assets and to effect trades for their accounts.

If you have instructed Holderness to execute any or all securities transactions for your account with or through one or more brokers, you represent and warrant that you have negotiated the terms and conditions (including, but not limited to, commission rates) relating to all services provided by such brokers and that you are satisfied with such terms and conditions. We shall not have any responsibility for obtaining for your account from any such broker the best prices or any particular commission rates for transactions with or through any such designated broker. You recognize that you may not obtain rates as low as it might otherwise obtain if we had discretion to select broker/dealers other than those you chose. You further agree that if we believe, in our exclusive discretion, that we cannot satisfy our fiduciary duty of best execution by executing a securities transaction for your account with a broker designated by you, we may execute that securities transaction with a different broker. You shall promptly inform Holderness in writing if you desire that we cease executing transactions with or through any such designated broker.

Best Execution Reviews

As a fiduciary, we seek to obtain best execution in all securities transactions. However, this does not mean that we will always obtain the best possible price or the lowest commission. On at least an annual basis Holderness's Chief Compliance Officer and other senior executives evaluate the pricing and services offered by Schwab and other trading counterparties with those offered by other reputable firms. Holderness has sought to make a good-faith determination that Schwab and other chosen trading counterparties provide clients with good services at competitive prices. However, clients should be aware that this determination could have been influenced by Holderness's receipt of products and services from Schwab. Historically Holderness has concluded that Schwab is as good as, or better than, the other firms that have been considered. Holderness would notify its Clients if it were to determine that another firm offered better pricing and services than their current custodian.

Aggregated Trades

When transacting in the same security for more than one Client, Holderness may aggregate an order to ensure Clients receive the same price. By aggregating orders, it ensures that no Client is favored over other Clients. Specifically, each Client that participates in aggregated order will participate at the average share price for all transactions in that security. Securities are allocated in proportion to the size of the order placed for each account. In the event an order is partially filled, Holderness will allocate securities pro rata based on the original order.

If a Client requests that their account be placed with a broker-dealer which does not also custody other accounts for Holderness, that client's account will be unable to participate in aggregated trading and therefore will not receive the benefits of such trading.

In certain instances, Holderness may execute over the counter securities transactions on an agency basis, which may result in advisory clients incurring two transaction costs for a single trade: a commission paid to the executing broker-dealer plus the market makers mark-up or mark-down.

Client Referrals

Holderness does not compensate Schwab or any other custodian or broker/dealer for referring client accounts.

Item 13: Review of Accounts

Accounts under Holderness's management are monitored on an ongoing basis by the respective Investment Team member. The Investment Team members review each account in detail on at least an annual basis. The Investment Team members and the Chief Compliance Officer review reports that are designed to identify accounts that may deviate from their Investment Profiles. Reasons for deviations from a Client's Investment Profile may, among other things, be due to additions/withdraws from their accounts or the performance of an investment (e.g., a particular asset class under or outperforms causing it to go above or below a guideline). Reviews of client accounts will also be triggered if a Client changes his or her investment objectives, or if the market, political, or economic environment changes materially.

Subject to individual Client objectives and constraints, the Vision Tactical Strategy accounts will be monitored in accordance with the assigned model and rebalanced based on changes in the model allocation. Those change will be based our macroeconomic review, and fundamental analysis of the securities used in the models. When possible, account trades will be aggregated for rebalancing.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. Holderness may supplement these custodial statements with reports provided during client meetings or as requested.

Item 14: Client Referrals and Other Compensation

Holderness has entered into a referral agreement with McMillion Capital Management, Inc. ("McMillion"), pursuant to which McMillion may refer prospective Clients to Holderness. If a referred Client enters into an advisory agreement with Holderness, McMillion is paid a cash referral fee of 1.5x the annualized advisory fee paid by such Client over a period of four years. The referral arrangement between McMillion and Holderness will not result in any charges to referred Clients that are above the normal level of advisory fees charged. At the time of a referral, a prospective Client will receive a copy of Holderness' Brochure and McMillion's compensation disclosure document. The referral agreement between Holderness and McMillion complies with Rule 206(4)-1 under the Investment Advisers Act of 1940, as amended (the "Advisers Act").

Holderness has also entered into a referral arrangement with Shahbaz, Carothers & Company, PA Certified Public Accountants ("Shahbaz Carothers"), an accounting firm with which Ken Shahbaz, an investment adviser representative of Holderness, is affiliated. Pursuant to this arrangement, Shahbaz Carothers may refer potential clients to Holderness; however, Holderness does not pay compensation to Shahbaz Carothers for any such client referrals.

Other than the above-described referral arrangements with McMillion and Shahbaz Carothers and the products and services that Holderness receives from Schwab, Holderness does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

Item 15: Custody

All Clients' accounts are held in custody by unaffiliated broker/dealers or banks, but Holderness can access many clients' accounts through its ability to debit advisory fees. For this reason, Holderness is considered to have custody of client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements and should compare these statements to any account information provided by Holderness.

Holderness is also considered to have custody because of standing letters of authorization ("SLOA") in place from Clients that allow Holderness to direct the custodian to send client funds based on the SLOA. Advisers relying on SLOAs to make certain disbursements on behalf of a client may avoid obtaining a surprise asset verification if each such client provides written instructions to the custodian regarding specific transactions that the client authorizes the custodian to disburse upon request of Holderness and provides Holderness with written instructions that explicitly describe the specific transactions that the client authorizes Holderness to disburse. Further, the custodian must verify these instructions when executing each transaction and confirm these instructions at least annually. Holderness has no ability to change any routing information regarding such disbursements and the client can terminate such relationship at any time.

Item 16: Investment Discretion

Holderness has investment discretion over the majority of Client accounts. Clients grant Holderness trading discretion through Holderness's Investment Management Agreement as well as an execution of a limited power of attorney included in the Schwab brokerage account application forms.

Clients using our Custom Portfolio Management offering can place reasonable restrictions on Holderness's investment discretion. For example, some clients have asked Holderness not to buy securities issued by companies in certain industries, or not to sell certain securities in which the client has a particularly low tax basis.

If a client desires for Holderness to manage a non-discretionary account for them they will sign an alternate Non-Discretionary Investment Management Agreement detailing the limitations associated with a non-discretionary arrangement.

Item 17: Voting Client Securities

In accordance with its fiduciary duty to Clients and Rule 206(4)-6 under the Advisers Act, Holderness has adopted and implemented written policies and procedures governing the voting of client securities. All proxies that Holderness receives will be handled in accordance with these policies and procedures.

Holderness considers the reputation, experience, and competence of a company’s management and board of directors when it evaluates a prospective investment. In general, Holderness votes in favor of routine corporate matters, such as the re-approval of an auditor or a change of a legal entity’s name. Holderness also generally votes in favor of compensation practices and other measures that are in-line with industry norms, that allow companies to attract and retain key employees and directors, that reward long-term performance, and that align the interests of management and shareholders.

Holderness has not identified any material conflicts of interest in connection with past proxy votes. Such a conflict could arise if, for example, a Client was a senior executive with a publicly traded company and other Clients held securities issued by that company. Holderness realizes that due to the difficulty of predicting and identifying all material conflicts, it must rely on its employees to notify the President and/or Chief Compliance Officer of any material conflict that may impair Holderness’s ability to vote proxies in an objective manner. Upon such notification, the President will notify its legal counsel of the conflict who will recommend an appropriate course of action.

A copy of Holderness’s proxy voting policies and procedures, as well as specific information about how Holderness has voted in the past, is available upon written request. Upon written request, clients can also take responsibility for voting their own proxies or can give Holderness instructions about how to vote their respective shares.

Class Action Lawsuits

Sometimes securities held in the accounts of clients will be the subject of class action lawsuits. Holderness has engaged Chicago Clearing Corporation ("CCC") to provide a comprehensive review of our clients’ possible claims to a settlement throughout the class action lawsuit process. CCC actively seeks out any open and eligible class action lawsuits. Additionally, CCC files, monitors and expedites the distribution of settlement proceeds in compliance with SEC guidelines on behalf of our clients. CCC's filing fee is contingent upon the successful completion and distribution of the settlement proceeds from a class action lawsuit. In recognition of CCC’s services, CCC typically receives 15% of our clients’ share of the settlement distributions; however, when distributions are for SEC fair fund distributions, CCC will not deduct its fees from such SEC fair fund distributions nor will it send an invoice for those fees, but CCC will later deduct its fees from other non-SEC fair fund distributions.

When Holderness receives written or electronic notice of a class action lawsuit, settlement, or verdict affecting securities owned by clients, it will work to assist clients and Chicago Clearing Corporation in the gathering of required information and submission of claims. Clients are automatically included in this service but may Opt-Out by indicating as such in the Investment Advisory Agreement entered into with Holderness. If a Client Opts-Out, Holderness and CCC will not monitor class action filings for that Client.

Item 18: Financial Information

Holderness has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.