

STATEMENT OF ADDITIONAL INFORMATION

HOLLAND BALANCED FUND

375 PARK AVENUE, NEW YORK, NEW YORK 10152

1-(800)-30-HOLLAND

Holland Balanced Fund (the “Fund”) is a no-load diversified portfolio of Holland Series Fund, Inc., an open-end management investment company. The Fund is designed to provide shareholders with a convenient and professionally managed vehicle for seeking a high total investment return. Total investment return is the aggregate of dividend and interest income and realized and unrealized gain/losses on investment. The Fund seeks to achieve a high total investment return from a combined portfolio of equity and investment grade fixed-income securities. There can be no assurance that the Fund’s objective will be attained.

This Statement of Additional Information of the Fund is not a prospectus and should be read in conjunction with the prospectus of the Fund, dated January 26, 2018 (the “Prospectus”), which has been filed with the Securities and Exchange Commission (the “SEC”) and can be obtained, without charge, by calling or by writing the Fund at the above telephone number or address. This Statement of Additional Information has been incorporated by reference into the Prospectus.

Holland & Company LLC - Adviser

ALPS Distributors, Inc. - Distributor

The date of this Statement of Additional Information is January 26, 2018

(trading symbol HOLBX)

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ADDITIONAL INFORMATION ON PORTFOLIO INSTRUMENTS AND INVESTMENT POLICIES

Repurchase Agreements

The Fund may enter into repurchase agreements. A repurchase agreement is a transaction in which the seller of a security commits itself at the time of the sale to repurchase that security from the buyer at a mutually agreed upon time and price. Repurchase agreements may be characterized as loans which are collateralized by the underlying securities. The Fund will enter into repurchase agreements only with respect to obligations that could otherwise be purchased by the Fund. The Fund will enter into repurchase agreements only with dealers, domestic banks or recognized financial institutions which, in the opinion of the Fund's adviser, Holland & Company LLC (the "Adviser"), are deemed to be credit-worthy. The Adviser will monitor the value of the securities underlying the repurchase agreement at the time the transaction is entered into and at all times during the term of the repurchase agreement to ensure that the value of the securities always equals or exceeds the repurchase price. The Fund requires that additional securities be deposited if the value of the securities purchased decreases below their resale price and does not bear the risk of a decline in the value of the underlying security unless the seller defaults under the repurchase obligation. In the event of default by the seller under the repurchase agreement, the Fund could experience losses that include: (i) possible decline in the value of the underlying securities during the period while the Fund seeks to enforce its rights thereto; (ii) additional expenses to the Fund for enforcing those rights; (iii) possible loss of all or part of the income or proceeds of the repurchase agreement; and (iv) possible delay in the disposition of the underlying securities pending court action or possible loss of rights in such securities. Repurchase agreements with maturities of more than seven days will be treated as illiquid securities by the Fund.

Securities with Limited Trading Market

The Fund may invest up to 10% of the value of its total assets in illiquid securities, such as "restricted securities" which are illiquid, and securities that are not readily marketable. If the Fund has a substantial position in securities with limited trading markets, its activities could have an adverse effect upon the liquidity and marketability of those securities. Investments in securities which are "restricted" may involve added expenses should the Fund be required to bear registration costs with respect to such securities and could involve delays in disposing of such securities which might have an adverse effect upon the price and timing of sales of such securities and the liquidity of the Fund with respect to redemptions. Restricted securities and securities for which there is a limited trading market may be significantly more difficult to value due to the unavailability of reliable market quotations for such securities, and investment in such securities may have an adverse impact on net asset value.

Firm Commitments and When-Issued Securities

The Fund may purchase securities on a firm commitment basis, including when-issued securities. A purchase of when-issued securities refers to a transaction made conditionally because the securities, although authorized, have not been issued. Securities purchased on a firm commitment basis are purchased for delivery beyond the normal settlement date at a stated price and yield. No income accrues to the purchaser of a security on a firm commitment basis prior to delivery. Such securities are recorded as an asset and are subject to changes in value based upon changes in the general level of interest rates. Purchasing a security on a firm commitment basis can involve a risk that the market price at the time of delivery may be lower than the agreed upon purchase price, in which case there could be an unrealized loss at the time of delivery. The Fund will only make commitments to purchase securities on a firm commitment basis with the intention of actually acquiring the securities, but may sell them before the settlement date if it is deemed advisable. The Fund will establish a segregated account in which it will maintain liquid assets in an amount at least equal in value to the Fund's commitments to purchase securities on a firm commitment basis. If the value of these assets declines, the Fund will place additional liquid assets in the account on a daily basis so that the value of the assets in the account is equal to the amount of such commitments.

Borrowing

The Fund may borrow in certain limited circumstances (see "Investment Restrictions"). Borrowing creates an opportunity for increased return, but, at the same time, creates special risks. For example, borrowing may exaggerate changes in the net asset value of the Fund's portfolio. Although the principal of any borrowing will be fixed, the Fund's assets may change in value during the time the borrowing is outstanding. The Fund may be

required to liquidate portfolio securities at a time when it would be disadvantageous to do so in order to make payments with respect to any borrowing, to comply with certain provisions of the Internal Revenue Code of 1986, as amended (the “Code”), in order to provide “pass-through” tax treatment to shareholders and to eliminate tax at the Fund level, which could affect the Adviser’s strategy. Furthermore, if the Fund were to engage in borrowing, an increase in interest rates could reduce the value of the Fund’s shares by increasing the Fund’s interest expense.

Warrants

The Fund may invest in warrants, which are securities permitting, but not obligating, their holder to subscribe for other securities. Warrants do not carry the right to dividends or voting rights with respect to their underlying securities, and they do not represent any rights in assets of the issuer. An investment in warrants may be considered speculative. In addition, the value of a warrant does not necessarily change with the value of the underlying securities and a warrant ceases to have value if it is not exercised prior to its expiration date.

Foreign Securities

In addition to risks identified in the Prospectus, other investment risks associated with foreign securities include the possible seizure or nationalization of foreign assets and the possible establishment of exchange controls, expropriation, confiscatory taxation, other foreign governmental laws or restrictions which might adversely affect payments due on securities held by the Fund, the lack of extensive operating experience of eligible foreign sub-custodians and legal limitations on the ability of the Fund to recover assets held in custody by a foreign sub-custodian in the event of the sub-custodian’s bankruptcy. Brokerage commissions and other transaction costs on foreign securities exchanges are generally higher than in the United States. Finally, in the event of a default in any such foreign obligations, it may be more difficult for the Fund to obtain or enforce a judgment against the issuers of such obligations.

Sovereign Debt

Investment in certain debt obligations issued or guaranteed by a government, its agencies or instrumentalities (“Sovereign Debt”) involves a high degree of risk. The governmental entity that controls the repayment of Sovereign Debt may not be willing or able to repay the principal and/or interest when due in accordance with the terms of such debt. Holders of Sovereign Debt, including the Fund, may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. A foreign sovereign itself would not be subject to traditional bankruptcy proceedings by which Sovereign Debt on which it has defaulted may be collected in whole or in part, and certain sovereign entities may not be subject to such proceedings. Further, the Fund may have difficulty disposing of certain Sovereign Debt obligations, as there may be a thin trading market for such securities.

Lower-Quality Fixed-Income Securities

The Fund may invest in fixed-income securities rated Aa or better by Moody’s Investors Service, Inc. or AA or better by Standard & Poor’s Corporation, or which are determined by the Adviser to be of comparable quality. Bonds rated Ba or below, or BBB or below are generally considered to be more speculative than the highest rated bonds and involve greater risk of loss or price changes due to changes in the issuer’s capacity to pay.

U.S. Government and Related Obligations

U.S. Government obligations include U.S. Treasury obligations and securities issued or guaranteed by various agencies of the U.S. Government or by various instrumentalities which have been established or sponsored by the U.S. Government. U.S. Treasury obligations and securities issued or guaranteed by various agencies of the U.S. Government differ in their interest rates, maturities and time of issuance, as well as with respect to whether they are guaranteed by the U.S. Government. U.S. Government and related obligations may be structured as fixed-, variable- or floating-rate obligations.

Investing in U.S. Government and related obligations is subject to certain risks. While U.S. Treasury obligations are backed by the “full faith and credit” of the U.S. Government, securities issued or guaranteed by

federal agencies and U.S. Government-sponsored instrumentalities may or may not be backed by the full faith and credit of the U.S. Government. These securities may be supported by the ability to borrow from the U.S. Treasury or only by the credit of the issuing agency or instrumentality and, as a result, may be subject to greater credit risk than securities issued or guaranteed by the U.S. Treasury. No assurance can be given that the U.S. Government would provide financial support to any of these entities if it is not obligated to do so by law.

Treasury Inflation-Protected Securities

The Fund may invest in treasury inflation-protected securities (“TIPS”), which are U.S. Treasury securities that are designed to provide some degree of protection against inflation. The interest rate paid on TIPS is fixed while the principal value of TIPS rises or falls periodically based on changes in the Consumer Price All Urban Non-Seasonally Adjusted Index (“CPI”), which is calculated by the U.S. Bureau of Labor Statistics. There can be no assurance that the CPI will accurately measure the real rate of inflation in the prices of goods and services. Typically, TIPS will pay interest on a semi-annual basis, equal to a fixed percentage of the inflation-adjusted principal amount. If inflation occurs, the principal and interest payments on TIPS are adjusted upward to protect investors from inflationary loss. If deflation occurs, the principal and interest payments on TIPS will be adjusted downward. The current market value of TIPS is not guaranteed and will fluctuate. Any increase in the principal amount of an inflation-linked security will be considered taxable ordinary income to the Fund in the year in which it occurs, even though the Fund does not receive any principal payment in cash until maturity. As a result, the Fund may be required to liquidate portfolio securities at a time when it would be disadvantageous to do so in order to meet the distribution requirement for treatment as a “regulated investment company” that is accorded special tax treatment, and to eliminate income tax at the Fund level. See “Taxation” below. Any such liquidation of portfolio securities also may accelerate recognition of gain and affect the Fund’s total return.

Market Disruption and Geopolitical Risk

The Fund is subject to the risk that geopolitical and other events (e.g., wars and terrorism) will disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of the Fund’s investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs (e.g., the marked decline in oil prices that began in late 2014) may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of the Fund’s investments. Terrorism in the United States and around the world has increased geopolitical risk. The terrorist attacks on September 11, 2001 resulted in the closure of some U.S. securities markets for four days, and similar attacks are possible in the future. Securities markets may be susceptible to market manipulation or other fraudulent trading practices, which could disrupt their orderly functioning or reduce the prices of securities traded on them, including securities held by the Fund. Fraud and other deceptive practices committed by a company whose securities are held by the Fund undermine the Adviser’s due diligence efforts and, when discovered, will likely cause a steep decline in the market price of those securities and thus negatively affect the value of the Fund’s investments. In addition, when discovered, financial fraud may contribute to overall market volatility, which can negatively affect the Fund’s investment program, as well as the rates or indices underlying the Fund’s investments.

While the U.S. government has always honored its credit obligations, a default by the U.S. government (as has been threatened in recent years) would be highly disruptive to the U.S. and global securities markets and could significantly reduce the value of the Fund’s investments. Similarly, political events within the United States at times have resulted, and may in the future result, in a shutdown of government services, which could adversely affect the U.S. economy, decrease the value of many Fund investments, and increase uncertainty in or impair the operation of the U.S. or other securities markets. Uncertainty surrounding the sovereign debt of several European Union countries, as well as the continued existence of the European Union itself, has disrupted and may continue to disrupt markets in the United States and around the world. If a country changes its currency or if the European Union dissolves, the world’s securities markets likely will be significantly disrupted. In June 2016, the United Kingdom approved a referendum to leave the European Union (commonly known as “Brexit”). A significant degree of uncertainty exists about the time frame for Brexit and whether it will have a negative impact on the United Kingdom, the European Union and/or the broader global economy.

War, terrorism, economic uncertainty, and related geopolitical events have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Likewise, natural and environmental disasters, such as the earthquake and tsunami in Japan in early 2011, and systemic market dislocations of the kind surrounding the insolvency of Lehman Brothers in 2008, if repeated, would be highly disruptive to economies and markets, adversely affecting individual companies and industries, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of the Fund's investments. During such market disruptions, the Fund's exposure to the risks described elsewhere in this SAI and in the Prospectus will likely increase. Market disruptions, including sudden government interventions, can also prevent the Fund from implementing its investment program and achieving its investment objective.

INVESTMENT RESTRICTIONS

In addition to the investment restrictions set forth in the Prospectus, the Fund has adopted the following restrictions and policies relating to the investment of its assets and its activities. The Fund may not:

1. Make investments for the purpose of exercising control or management.
2. Purchase securities of other investment companies except as permitted under the Investment Company Act of 1940, as amended (the "1940 Act"), or in connection with a merger, consolidation, acquisition or reorganization.
3. Purchase or sell real estate, provided that the Fund may invest in securities secured by real estate or interests therein or issued by companies which invest in real estate or interests therein.
4. Purchase or sell commodities or commodity contracts.
5. Underwrite securities of other issuers except insofar as the Fund may be deemed an underwriter under the Securities Act of 1933, as amended (the "Securities Act"), in selling portfolio securities.
6. Make loans, except that (a) the Fund may purchase and hold debt securities in accordance with its investment objective(s) and policies, (b) the Fund may enter into repurchase agreements with respect to portfolio securities, subject to applicable limitations of its investment policies, and (c) delays in the settlement of securities transactions will not be considered loans.
7. Purchase any securities on margin, except that the Fund may (i) purchase delayed delivery or when-issued securities, and (ii) obtain such short-term credits as may be necessary for the clearance of purchases and sales of portfolio securities.
8. Sell securities short.
9. Purchase securities of issuers which it is restricted from selling to the public without registration under the Securities Act if by reason thereof the value of its aggregate investment in such securities will exceed 10% of its total assets.
10. Write, purchase or sell puts, calls, straddles, spreads or combinations thereof.
11. Purchase or sell interests in oil, gas or other mineral exploration or development programs provided, however, that this shall not prohibit the Fund from purchasing publicly-traded securities of companies engaging in whole or in part in such activities.
12. Purchase or retain any securities of an issuer if one or more persons affiliated with the Fund owns beneficially more than 1/2 of 1% of the outstanding securities of such issuer and such affiliated persons so owning 1/2 of 1% together own beneficially more than 5% of such securities.

13. Invest more than 5% of its total assets in securities of unseasoned issuers (other than securities issued or guaranteed by U.S. federal or state or foreign governments or agencies, instrumentalities or political subdivisions thereof) which, including their predecessors, have been in operation for less than three years.
14. Invest in warrants (other than warrants acquired by the Fund as part of a unit or attached to securities at the time of purchase) if, as a result, the investments (valued at the lower of cost or market) would exceed 5% of the value of the Fund's net assets or if, as a result, more than 2% of the Fund's net assets would be invested in warrants that are not listed on the NYSE Amex or the New York Stock Exchange.
15. Purchase the securities of any one issuer, other than securities issued or guaranteed by the U.S. government, its agencies or instrumentalities, if immediately after such purchase, more than 5% of the value of the Fund's total assets would be invested in such issuer or the Fund would own more than 10% of the outstanding voting securities of such issuer, except that up to 25% of the value of the Fund's total assets may be invested without regard to this restriction.
16. Borrow money (including entering into reverse repurchase agreements) except as a temporary measure for extraordinary or emergency purposes, and in no event in excess of 15% of the value of the Fund's total assets at the time the borrowing is made, except that for the purpose of this restriction, short-term credits necessary for settlement of securities transactions are not considered borrowings (the Fund will not purchase any securities at any time while such borrowings exceed 5% of the value of its total assets).
17. Invest more than 25% of the total assets of the Fund in the securities of issuers having their principal activities in any particular industry, except for obligations issued or guaranteed by the U.S. government, its agencies or instrumentalities or by any state, territory or any possession of the United States or any of their authorities, agencies, instrumentalities or political subdivisions, or with respect to repurchase agreements collateralized by any of such obligations (for purposes of this restriction, supranational issuers will be considered to comprise an industry as will each foreign government that issues securities purchased by the Fund).

The Fund's investment objective (as described in the Prospectus) and investment restrictions (1) through (6) and (15) through (17) described above are fundamental policies of the Fund and may be changed only with the affirmative vote of the holders of a majority of the Fund's outstanding voting securities, as defined in the 1940 Act. Restrictions (7) through (14) are non-fundamental policies of the Fund and may be changed by a majority of the Board of Directors of the Fund (the "Directors"). Whenever an investment policy or limitation states a maximum percentage of the Fund's assets in any security or other asset, such percentage limitation shall be determined immediately after and as a result of the Fund's acquisition of such security or other asset. Accordingly, any later increase or decrease in a percentage resulting from a change in values, net assets or other circumstances will not be considered when determining whether that investment complies with the Fund's investment policies and limitations.

MANAGEMENT OF THE FUND

Directors and Officers

The Directors are responsible for the general oversight of the Fund. The Directors, including those Directors who are not considered to be “interested” as that term is defined in the 1940 Act (the “Independent Directors”), and executive officers of the Fund and their principal occupations for at least the last five years are set forth below. Each Director shall serve until he or she dies, resigns or is removed, or, if sooner, until the next meeting of Shareholders called for the purpose of electing Directors and until the election and qualification of his or her successor.

<u>Name, Address, and Birth Year</u>	<u>Position(s) Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation During Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by Director</u>
<u>Interested Director:</u>					
Michael F. Holland 375 Park Avenue New York, NY 10152 (1944)	Director, Chairman of the Board, President and Treasurer	Term: Unlimited Elected: 9/95	Holland & Company LLC, Chairman, 1995 - present.	1	Trustee, SSGA Mutual Funds and Director, The China Fund, Inc., Reaves Utility Income Fund; Blackstone Funds
<u>Independent Directors:</u>					
Desmond G. FitzGerald 375 Park Avenue New York, NY 10152 (1944)	Director	Term: Unlimited Elected: 9/95	Holyoke Partners LLC (Fund of Hedge Funds), 2005 – present; Chairman, North American Properties Group (Real Estate), 1986 - 2012; Founding Managing Member, Managing Member Neural Pathways LLC (Medical Devices), 2011 – present.	1	Director, Rea Technologies; President, Hope for Poor Children Foundation; Vice Chairman, Helen Keller International; Trustee, Aquaya Institute; Vice-Chair and Trustee, Water Aid America; Trustee, Catholic Medical Mission Board
James Lee 375 Park Avenue New York, NY 10152 (1940)	Director	Term: Unlimited Elected 5/08	President, James J. Lee Investment Advisors LLC, 1995 – present.	1	-----
Jeff C. Tarr, Sr. 375 Park Avenue New York, NY 10152 (1944)	Director	Term: Unlimited Elected: 9/95	Chairman, Junction Advisors (Financial Services), 1981 – present.	1	Trustee, Edward P. Evans Foundation

<u>Name, Address, and Age</u>	<u>Position(s) Held with Fund</u>	<u>Term of Office and Length of Time Served</u>	<u>Principal Occupation During Past Five Years</u>	<u>Number of Portfolios in Fund Complex Overseen by Director</u>	<u>Other Directorships Held by Director</u>
<u>Officers:</u> Tana Tselepis 375 Park Avenue New York, NY 10152 (1935)	Vice President, Chief Compliance Officer, Anti-Money Laundering Compliance Officer	Term: Unlimited Elected Vice President: 5/02 Elected Chief Compliance Officer: 9/04 Elected Anti-Money Laundering Compliance Officer: 5/09	Consultant to Holland & Company, LLC, 1997 – 1999.	-----	Member of the Board of Governors of Tufts Medical Center; Director and Vice President of Malden Kiwanis
Kristin Schantz State Street Bank and Trust Company 100 Summer Street, 7 th Floor Boston, MA 02111 (1979)	Secretary	Term: Indefinite Elected: 5/16	Vice President and Senior Counsel, State Street Bank and Trust Company 2013 - present.	-----	-----
David James State Street Bank and Trust Company 100 Summer Street, 7 th Floor Boston, MA 02111 (1970)	Assistant Secretary	Term: Indefinite Elected: 7/14	Managing Director and Managing Counsel 2015 - present and Vice President and Managing Counsel 2009 – 2015, State Street Bank and Trust Company; Vice President and Counsel, PNC Global Investment Servicing (US), Inc. 2006 - 2009.	-----	-----

As of December 31, 2017 none of the Independent Directors had any ownership of securities of the Adviser, ALPS Distributors, Inc. (the “Distributor”) or any affiliated person of the Adviser or the Distributor. As of December 31, 2017, the Adviser was controlled by Michael F. Holland, its managing member and owner of a 99% interest in the limited liability company. Mr. Holland is considered an interested person (as defined in the 1940 Act) of the Fund by virtue of his controlling interest in the Adviser.

Summary of Trustees’ Qualifications

Following is a summary of the experience, attributes and skills which qualify each Trustee to serve on the Trust’s Board.

Michael F. Holland: Mr. Holland is an experienced business executive with more than 40 years experience in the financial services industry including 23 years as a portfolio manager of the Fund; his experience includes service as a trustee, director or officer of various investment companies. He has served on the Fund’s Board of Directors and as Chairman of the Board for 23 years (since the Fund’s inception) and possesses significant experience regarding the Trust’s operations and history.

Desmond G. FitzGerald: Mr. FitzGerald is an experienced business executive with more than 40 years experience in the real estate and financial services industries; his experience includes service as a trustee, director or officer of various real estate and financial companies. He has served on the Fund’s Board of Directors and related Committees for 23 years (since the Fund’s inception) and possesses significant experience regarding the Trust’s operations and history.

James Lee: Mr. Lee is an experienced business executive with more than 40 years experience in the financial services industry; his experience includes service as a trustee, director or officer of various financial companies and charities. He has served on the Fund's Board of Directors and related Committees for 10 years and possesses significant experience regarding the Trust's operations and history.

Jeff C. Tarr, Sr.: Mr. Tarr is an experienced business executive with more than 40 years experience in the financial services and technology industries; his experience includes service as a trustee, director or officer of various financial and technology companies. He has served on the Fund's Board of Directors and related Committees for 23 years (since the Fund's inception) and possesses significant experience regarding the Trust's operations and history.

References to the experience, attributes and skills of Trustees above are pursuant to requirements of the SEC, do not constitute holding out of the Board or any Trustee as having any special expertise or experience, and shall not impose any greater responsibility or liability on any such person or on the Board by reason thereof.

Standing Committees

The Board of Directors has established an Audit Committee. The Audit Committee comprises all of the Independent Directors. The Audit Committee meets twice a year, or more often as required, in conjunction with meetings of the Board of Directors. The Audit Committee oversees and monitors the Fund's internal accounting and control structure, its auditing function and its financial reporting process. The Audit Committee is responsible for the selection and retention of the independent auditors for the Fund. The Audit Committee is also responsible for approving the audit plans, fees and other material arrangements in respect of the engagement of auditors, including non-audit services performed. The Audit Committee reviews the qualifications of the auditor's key personnel involved in the foregoing activities and monitors the auditor's independence. During the fiscal year ended September 30, 2017, the Audit Committee held two meetings.

The Board of Directors has established a Nominating Committee. The Nominating Committee comprises all of the Independent Directors and is responsible for making nominations for all Director candidates. The Nominating Committee meets as necessary. The Nominating Committee does not consider nominations for directors proposed by shareholders of the Fund. During the fiscal year ended September 30, 2017, the Nominating Committee did not meet.

The Board of Directors has established a Pricing Committee to provide supervisory oversight and to help make determinations relating to the valuation of portfolio securities pursuant to valuation procedures adopted by the Board. The Pricing Committee is composed of any two Independent Directors and any other person deemed necessary by the Fund's President. The Pricing Committee meets as necessary. During the fiscal year ended September 30, 2017, the Pricing Committee did not meet.

The following table sets forth information describing the dollar range of equity securities beneficially owned by each Director in the Fund as of December 31, 2017.

<u>Name of Director</u>	<u>Dollar Range Ownership of the Fund</u>
Michael F. Holland	Over \$100,000
Desmond G. FitzGerald	None
James Lee	Over \$100,000
Jeff C. Tarr, Sr.	None

Leadership Structure and Risk Management Oversight

The Board has chosen to select Mr. Holland as both Chairman of the Board and President of the Trust. The Board believes that this leadership structure is appropriate, given the size and mandate of the Fund and Mr. Holland's extensive experience.

As a registered investment company, the Fund is subject to a variety of risks, including, among others, investment risks, financial risks, compliance risks and operational risks. The Adviser has primary responsibility for the Fund's risk management on a day-to-day basis as part of its overall responsibilities.

The Board has delegated management of the Fund to service providers who are responsible for the day-to-day management of risks applicable to the Fund. The Board oversees risk management for the Fund in several ways. The Board receives regular reports from the chief compliance officer, Adviser and administrator for the Fund, detailing the results of the Fund's compliance with its Board-adopted policies and procedures, the investment policies and limitations of the Fund, and applicable provisions of the federal securities laws and Internal Revenue Code. As needed, the Adviser discusses management issues respecting the Fund with the Board, soliciting the Board's input on many aspects of management, including potential risks to the Fund. The Board's Audit Committee also receives reports on various aspects of risks that might affect the Fund, including investment risk and audit risk, and offer advice to management, as appropriate. The Directors also meet in executive session with the Fund's independent registered public accounting firm, counsel to the Fund, the chief compliance officer and representatives of management, as needed.

Directors' Compensation

The Fund pays each Independent Director an annual fee, paid quarterly, of \$3,000 plus \$500 per meeting attended and pays all Directors' actual out-of-pocket expenses relating to attendance at meetings. The Fund does not provide any pension or retirement benefits to its Directors or officers. The Fund pays all compensation and expenses of the Vice President of the Fund. The following table details the compensation paid to the Fund's Directors for the fiscal year ended September 30, 2017.

<u>Name and Position</u>	<u>Aggregate Compensation from Fund</u>	<u>Pension or Retirement Benefits Accrued as Part of Fund Expenses</u>	<u>Total Compensation From Fund and Fund Complex Paid to Directors</u>
Michael F. Holland	\$0	\$0	\$0
Desmond G. FitzGerald	\$5,000	\$0	\$5,000
James Lee	\$5,000	\$0	\$5,000
Jeff C. Tarr	\$5,000	\$0	\$5,000

Management and Advisory Arrangements

Reference is made to "Management - Investment Adviser" in the Prospectus for certain information concerning the management and advisory arrangements of the Fund.

The investment advisory agreement dated September 28, 1995 with the Adviser (the "Advisory Agreement") provides that, subject to the oversight of the Board of Directors of the Fund, the Adviser is responsible for the actual management of the Fund's portfolio. The responsibility for making decisions to buy, sell or hold a particular security rests with the Adviser, subject to oversight of the Board of Directors. The Adviser provides the portfolio manager for the Fund, who considers analyses from various sources, makes the necessary investment decisions and places transactions accordingly. As compensation for its services to the Fund, the Adviser is entitled to receive monthly compensation at the annual rate of 0.75% of the average daily net assets of the Fund. As of November 1, 2012, the Adviser voluntarily waives its fees to the extent necessary to limit the Fund's total operating expenses to 1.75% (on an annualized basis) of the Fund's average daily net assets. For the fiscal years ended September 30, 2017, 2016 and 2015, the Adviser earned fees of \$237,610, \$232,055 and \$227,447, respectively. These amounts do not account for the advisory fees waived by the Adviser. During the fiscal years ended September 30, 2017, 2016 and 2015, the Adviser waived \$60,149, \$75,821 and \$60,993, respectively, in advisory fees.

Investment decisions for the Fund are made independently from those of other accounts managed by the Adviser. Securities held by the Fund also may be held by, or be appropriate investments for, other investment advisory clients of the Adviser. Because of different objectives or other factors, a particular security may be bought for one or more clients when one or more clients are selling the same security. If purchases or sales of securities for the Fund or other advisory clients of the Adviser arise for consideration at or about the same time, transactions in such securities will be made, insofar as feasible, for the Fund and clients in a manner deemed equitable to all. To the extent that transactions on behalf of more than one client of the Adviser during the same period may increase the demand for securities being purchased or the supply of securities being sold, there may be an adverse effect on price or the size of the position obtained or sold.

The Advisory Agreement obligates the Adviser to provide investment advisory services and all the office space, facilities, equipment and personnel necessary to perform its duties under the Advisory Agreement. The Fund pays all other expenses incurred in the operation of the Fund including, among other things, taxes, expenses for legal and auditing services, costs of printing proxies, stock certificates, shareholder reports, prospectuses and statements of additional information, charges of the custodian and the transfer agent, expenses of redemption of shares, SEC fees, expenses of registering the shares under federal and state securities laws, fees and expenses of Independent Directors, accounting and pricing costs (including the daily calculation of net asset value), insurance, interest, brokerage costs, litigation and other extraordinary or non-recurring expenses, and other expenses properly payable by the Fund.

Unless earlier terminated as described below, the Advisory Agreement will remain in effect from year to year if approved annually (a) by the Board of Directors of the Fund or by a majority of the outstanding shares of the Fund and (b) by a majority of the Directors who are not parties to such contract or interested persons (as defined in the 1940 Act) of any such party. Such contract is not assignable and may be terminated without penalty on 60 days' written notice at the option of either party thereto or by the vote of the shareholders of the Fund.

Portfolio Manager

The Fund is managed by Michael F. Holland. Mr. Holland only manages the Fund, which had net assets of \$31,581,839 as of September 30, 2017. He does not manage any other registered investment company accounts, any other pooled investment vehicle accounts or any other accounts, including individual and institutional accounts, pension and profit sharing plans, charitable organizations or state and municipal government entity accounts. Mr. Holland does not manage any accounts with a performance-based fee. Mr. Holland is the sole employee of the Adviser that provides portfolio management and research services to the Fund. He is compensated solely from the profitability of the Adviser. Mr. Holland receives no other compensation for the Fund's management. As of September 30, 2017, Mr. Holland beneficially owns above \$1,000,000 of equity securities in the Fund.

Administrator

State Street Bank and Trust Company ("State Street" or the "Administrator") acts as the Fund's administrator pursuant to an administration agreement dated June 1, 1999 by and between State Street and the Fund (the "Administration Agreement"). Pursuant to the Administration Agreement, the Administrator is responsible for providing certain administrative services to the Fund, and assists in managing and supervising all aspects of the general day-to-day business activities and operations of the Fund other than investment advisory activities, including maintaining the books and records of the Fund, and preparing certain reports and other documents required by federal and/or state laws and regulations. The Fund pays the Administrator a monthly fee at the annual rate of 0.03% of the Fund's average daily net assets up to \$100 million, 0.02% of the next \$100 million, and 0.01% of those assets in excess of \$200 million, and the Administrator is entitled to reimbursement from the Fund for its out-of-pocket expenses incurred under the Administration Agreement. Prior to May 1, 2017, the annual rate was 0.10% of the Fund's average daily net assets up to \$100 million, 0.08% of the next \$100 million, and 0.06% of those assets in excess of \$200 million, and the Administrator was entitled to reimbursement from the Fund for its out-of-pocket expenses incurred under the Administration Agreement. The Administrator is entitled to a minimum fee of \$8,500 per month (unless waived by the Administrator) for services provided to the Fund. For the fiscal years ended September 30, 2017, 2016 and 2015, the Administrator was paid net fees of \$98,500, \$102,071 and \$102,000, respectively.

Codes of Ethics

The Fund and the Adviser have adopted codes of ethics that are designed to ensure that the interests of Fund shareholders come before the interests of those involved in managing the Fund. The codes of ethics, among other things, prohibit management personnel from investing in initial public offerings and require pre-approval for investments in private placements. Each of these codes of ethics permits personnel subject to the codes to invest in securities, including securities that may be purchased or held by the Fund, for their own accounts, subject to certain restrictions and conditions and is on file with, and available from, the SEC.

Proxy Voting Procedures

The Fund has adopted proxy voting procedures pursuant to which the Fund delegates the responsibility for voting proxies relating to portfolio securities held by the Fund to the Adviser as a part of the Adviser's general management of the Fund, subject to the Board's continuing oversight. Copies of the Fund's and Adviser's respective proxy voting procedures are located in Appendix A. Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling 1-800-30-HOLLAND and on the SEC's website at <http://www.sec.gov>.

PORTFOLIO SECURITIES DISCLOSURE

The Fund has adopted a Policy for Releasing Portfolio Holdings and Disclosure of Non-Public Information (the "Policy"). The Fund's policy is to make publicly available on its website mutual fund holdings as of each calendar quarter-end 60 days after quarter end. Aggregate portfolio characteristics may be made available without a time lag. Pursuant to the Policy, no portfolio holdings information is made available to any person or entity prior to the time period set forth above except (i) to the Fund's service providers who need access to such information in the performance of their contractual duties and responsibilities, so long as they are subject to duties of confidentiality imposed by law and/or contract and (ii) as may be required by law or by a regulatory authority. No compensation or other consideration is received by the Fund, the Adviser or any other party in connection with the disclosure of information about the Fund's portfolio securities.

The Fund's primary service providers, namely its investment adviser, custodian, fund accounting agent and administrator, have (i) adopted confidentiality policies, approved by the Fund's Board of Directors, pursuant to which such service providers may not, without the written consent of the Fund and except as required by law, disclose non-public information about the Fund; (ii) adopted policies barring the misuse by employees of client information and/or (iii) entered into agreements with the Fund pursuant to which the service provider, except as required by law or in connection with required disclosure to a regulatory authority, will keep confidential information relating to the Fund. Except as discussed above, the Fund has not entered into confidentiality agreements with any other entities.

CONTROL PERSONS AND PRINCIPAL HOLDERS OF SECURITIES

As of December 31, 2017, the following persons owned of record 5 percent or more of the outstanding shares of the Fund:

<u>Name and Address</u>	<u>Ownership</u>	<u>Number of Shares</u>	<u>Percentage</u>
Charles Schwab & Co., Inc. Attn: Mutual Funds 101 Montgomery Street San Francisco, CA 94104-4151	Record Ownership	113,934.069	6.98%
Michael F. Holland 375 Park Avenue, Suite 2607 New York, NY 10152	Record Ownership	145,228.028	8.89%
Robert B. O’Bernier 110 Inverness Drive Bluffton, SC 29910-4975	Record Ownership	169,909.009	10.40%

To the knowledge of the Fund, no person owned beneficially more than 5% of the Fund’s outstanding shares. As of December 31, 2017, the officers and Directors of the Fund as a group owned 9.31% percent of the outstanding shares of the Fund.

Any person who owns beneficially 25% or more of the outstanding shares of the Fund may be deemed to control the Fund. Any person controlling the Fund may be able to determine the outcome of issues that are submitted to shareholders for vote and may be able to take action regarding the Fund without the approval of other shareholders.

REDEMPTION OF SHARES

Reference is made to “Redeeming Shares” in the Prospectus for certain information as to the redemption and repurchase of Fund shares.

The right to redeem shares or to receive payment with respect to any such redemption may only be suspended for any period during which trading on the New York Stock Exchange (“NYSE”) is restricted as determined by the SEC or when the NYSE is closed (other than customary weekend and holiday closings), for any period during which an emergency exists as defined by the SEC as a result of which disposal of portfolio securities or determination of the net asset value of the Fund is not reasonably practicable, and for such other periods as the SEC may by order permit for the protection of shareholders of the Fund.

The Fund may redeem shares if, in the opinion of the Fund, ownership of the shares has or may become concentrated to an extent which would cause the Fund to be deemed a personal holding company within the meaning of the Code.

PORTFOLIO TRANSACTIONS AND BROKERAGE

The Adviser is responsible for the Fund’s portfolio decisions and the placing of the Fund’s portfolio transactions. The Fund’s portfolio turnover for the years ended September 30, 2017 and 2016 were 30.43% and 0.00%, respectively. The portfolio turnover rate for the Fund’s 2017 fiscal year was higher than the portfolio turnover rate for the Fund’s 2016 fiscal year due to a reallocation of certain Fund holdings.

Fixed-income securities, certain short-term securities and certain equities normally will be purchased or sold from or to issuers directly or from or to dealers serving as market makers for the securities at a net price, which may include dealer spreads and underwriting commissions. Equity securities may also be purchased or sold through brokers who will be paid on commission. For the years ended September 30, 2017, 2016 and 2015, the Fund paid

brokerage commissions of \$1,460, \$0 and \$3,617, respectively. The brokerage commissions for the Fund's 2017 and 2015 fiscal years were higher than the brokerage commissions for the Fund's 2016 fiscal year due to reallocating of the portfolio to attain balance. In selecting brokers and dealers, it is the policy of the Adviser to obtain the best results taking into account factors such as the general execution and operational facilities of the brokers or dealer, the type and size of transaction involved, the creditworthiness and stability of the broker or dealer, execution and settlement capabilities, time required to negotiate and execute the trade, research services and the Adviser's arrangements related thereto (as described below), overall performance, the dealer's risk in positioning the securities involved and the broker's commissions and dealer's spread or mark-up. While the Adviser generally seeks the best execution in placing its orders, the Fund may not necessarily be paying the lowest price available.

Notwithstanding the above, in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended, the Adviser may select brokers or dealers who charge a commission in excess of that charged by other brokers or dealers if the Adviser determines in good faith that the commission to be charged is reasonable in relation to the brokerage and research services provided to the Adviser by such brokers or dealers. The types of research services and products that may be received, include research and statistical reports or oral advice regarding particular companies, industries or general economic conditions. The Adviser's receipt of research services from brokers may create conflicts of interest.

The Trust is required to identify the securities of its or its parent companies' regular brokers or dealers (as defined in Rule 10b-1 under the 1940 Act) held by the Funds as of the close of their most recent fiscal year and state the value of such holdings. As of September 30, 2017, the Trust did not hold securities in regular brokers or dealers.

DETERMINATION OF NET ASSET VALUE

The net asset value ("NAV") of the shares of the Fund is determined once daily Monday through Friday as of the time of the close of regularly scheduled trading on the NYSE on each day during which the NYSE is open for trading (a "Business Day"). The NYSE is not open on New Year's Day, Martin Luther King Day, President's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day or Christmas Day. The NAV per share is computed by dividing the sum of the value of the securities held by the Fund plus any cash or other assets (including interest and dividends accrued but not yet received) minus all liabilities (including accrued expenses) by the total number of shares outstanding at such time, rounded to the nearest cent. Expenses, including the investment advisory fees payable to the Adviser, are accrued daily.

Securities and assets for which market quotations are not readily available or are not considered by the Adviser to be reliable are valued at fair value as determined in good faith by or pursuant to guidelines established by the Board of Directors of the Fund. The Fund will also determine the fair values of securities whose values are materially affected by significant events occurring after the closing of a foreign market pursuant to the valuation procedures adopted by the Board of Directors.

SHAREHOLDER SERVICES

The Fund offers a number of shareholder services described below which are designed to facilitate investment in its shares. Full details as to each of such services and copies of the various plans described below can be obtained from the Fund, the Distributor, or ALPS Mutual Fund Services, Inc. (the "Transfer Agent").

Investment Account

Each shareholder whose account is maintained at the Transfer Agent has an Investment Account and will receive statements from the Transfer Agent after each share transaction, including reinvestment of dividends and capital gains distributions, showing the activity in the account since the beginning of the year. Shareholders may make additions to their Investment Account at any time by mailing a check directly to the Transfer Agent. Share certificates will not be issued by the Transfer Agent.

Automatic Investment Plan

A shareholder may elect to establish an Automatic Investment Plan pursuant to which funds will automatically be transferred from a bank account to be invested in the Fund. The bank at which the bank account is maintained must be a member of the Automated Clearing House (“ACH”). Automatic investments must be a minimum of \$50. The Fund will debit the specified amount from the bank account and the proceeds will be invested at the Fund’s offering price determined on the Business Day of the debit’s receipt.

Automatic Clearing House Purchases

A shareholder or investor, at his or her request, may also elect to establish between the Fund and his or her bank account an ACH link which will permit a shareholder to make additional investments in the Fund. The Fund will debit the requested purchase amount from the specified bank account. All purchases will be invested at the Fund’s offering price as determined on the Business Day of the debit’s receipt.

Automatic Reinvestment of Dividends and Capital Gains Distributions

Unless specific instructions are given as to the method of payment of dividends and capital gains distributions, dividends and distributions will be reinvested automatically in additional shares of the Fund. Such reinvestment will be at the NAV of shares of the Fund, without sales charge, as of the close of business on the ex-dividend date of the dividend or distribution. Shareholders may elect in writing to receive either their dividends or distributions, or both, in cash, in which event payment will be mailed on the payment date.

Shareholders may, at any time, notify the Transfer Agent in writing that they no longer wish to have their dividends and/or capital gains distributions reinvested in shares of the Fund or vice versa and, commencing ten days after receipt by the Transfer Agent of such notice, those instructions will be effected.

Individual Retirement Accounts (IRA)

An IRA is available, which has been approved as to form by the Internal Revenue Service (“IRS”). Contributions to an IRA made available by the Fund may be invested in shares of the Fund.

State Street Bank & Trust Company (the “Custodian”) has agreed to serve as custodian of the IRA and furnish the services provided for in the custody agreement between the Custodian and the Fund (“Custodial Agreement”). The Custodian will charge each IRA an application fee as well as certain additional fees for its services under the Custodial Agreement. In accordance with IRS regulations, an individual may revoke an IRA within seven calendar days after it is established.

Contributions in excess of the allowable limits, premature distributions to an individual who is not disabled before age 59-1/2 or insufficient distributions after age 70-1/2 from a traditional IRA will generally result in substantial adverse tax consequences.

For information required for adopting an IRA, including information on fees, obtain the form of Custodial Agreement and related materials, including disclosure materials, available from the Fund. Consultation with a financial adviser regarding an IRA is recommended.

DIVIDENDS AND DISTRIBUTIONS

The Fund intends to distribute all its net investment income, if any. Dividends from such net investment income will be paid quarterly. All net realized long-term or short-term capital gains, if any, will be distributed to the Fund’s shareholders at least annually. See “Shareholder Services - Automatic Reinvestment of Dividends and Capital Gains Distributions” for information concerning the manner in which dividends and distributions may be reinvested automatically in shares of the Fund.

TAXATION

The following is a general summary of certain U.S. federal income tax considerations affecting the Fund and its shareholders and, except as otherwise indicated, reflects provisions of the Code, U.S. Treasury regulations and other applicable authority as of the date of this Statement of Additional Information. These authorities are subject to change by legislative or administrative action, possibly with retroactive effect. No attempt is made to present a detailed explanation of all federal, state, local and foreign income tax considerations, or to describe tax consequences to special types of shareholders such as financial institutions, tax-deferred retirement plans or foreign persons, and this discussion is not intended as a substitute for careful tax planning. Accordingly, potential shareholders are urged to consult their own tax advisers regarding an investment in the Fund.

Special tax rules apply to investments through defined contribution plans and other tax-qualified plans or tax-advantaged arrangements. Shareholders should consult their tax advisers to determine the suitability of shares of the Fund as an investment through such plans and arrangements and the precise effect of an investment on their particular tax situation.

The Fund

The Fund has qualified and intends to continue to qualify as a “regulated investment company” for federal income tax purposes under Subchapter M of the Code. In order to so qualify, the Fund must, among other things, (a) derive in each taxable year at least 90% of its gross income from (i) dividends, interest, payments with respect to loans of securities, gains from the sale or other disposition of stock, securities or foreign currencies, or other income derived with respect to its business of investing in such stock, securities or currencies (including, but not limited to, gains from options, futures or forward contracts) and (ii) net income derived from interests in “qualified publicly traded partnerships”; and (b) diversify its holdings so that, at the end of each quarter of each taxable year, (i) at least 50% of the value of the Fund’s assets is represented by cash, cash items, U.S. Government securities, securities of other regulated investment companies, and other securities which, with respect to any one issuer, do not constitute more than 5% of the value of the Fund’s assets nor more than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of the Fund’s total assets is invested, including through corporations in which the Fund owns a 20% or more voting stock interest, (x) in the securities (other than U.S. Government securities or the securities of other regulated investment companies) of any one issuer or of any two or more issuers that the Fund controls and that are engaged in the same, similar or related trades or businesses, or (y) in the securities of one or more “qualified publicly traded partnerships.” Special rules potentially provide limited relief from the application of the rule generally requiring a regulated investment company to look through its 20% voting interest in a corporation, including a regulated investment company, to the assets thereof for purposes of the diversification test described in (b) above.

If the Fund qualifies as a regulated investment company and distributes to its shareholders with respect to each taxable year at least 90% of the sum of its investment company taxable income (as that term is defined in the Code without regard to the deduction for dividends paid – generally taxable ordinary income and the excess, if any, of net short-term capital gain over net long-term capital losses) and net tax-exempt income (if any), for such year, the Fund will not be subject to federal income tax on income or gains if any, that it distributes in a timely manner to its shareholders in the form of dividends (including capital gain dividends, as defined below). However, the Fund would be subject to corporate income tax on any undistributed income or gains. If the Fund retains amounts attributable to its net capital gain (i.e., the excess of the Fund’s net long-term capital gain over its net short-term capital loss), the Fund is permitted to designate such retained amounts as undistributed capital gain in a notice to its shareholders who would then be (i) required to include in income for U.S. federal income tax purposes, as long-term capital gain, their proportionate shares of the undistributed amounts, (ii) entitled to credit their proportionate shares of the tax paid by the Fund on the undistributed amounts against their U.S. federal income tax liabilities, if any, and to claim refunds on a properly-filed U.S. tax return to the extent such credits exceed their liabilities and (iii) entitled to increase their tax basis, for federal income tax purposes, in their Fund shares by an amount equal to the difference between the amount of undistributed capital gains included in the shareholder’s income under clause (i) and the tax deemed paid by the shareholder under clause (ii). The Fund is not required to, and there can be no assurance the Fund will, make this designation if it retains all or a portion of its net capital gain in a taxable year.

In addition, the Fund will be subject to a nondeductible 4% excise tax on the amount by which the aggregate amount it distributes in any calendar year is less than the sum of: (a) 98% of the Fund's ordinary income for such calendar year; (b) 98.2% of its capital gain net income (the excess of capital gains over capital losses, both long- and short-term) for the one-year period ending on October 31 of such year; and (c) 100% of the undistributed ordinary income and gains retained from prior years. For purposes of the required excise tax distribution, ordinary gains and losses from the sale, exchange or other taxable disposition of property that would be taken into account after October 31 generally are treated as arising on January 1 of the following calendar year. Also, for purposes of the excise tax, any income or gain retained by the Fund that is subject to corporate income tax will be considered to have been distributed by the end of the calendar year.

The Fund intends to distribute sufficient income so as to avoid both corporate federal income tax and the excise tax.

If the Fund should fail to meet the income, diversification or distribution tests described above, the Fund could in some cases cure such failure, including by paying a fund-level tax, paying interest, making additional distributions or disposing of certain assets. If the Fund were ineligible to or otherwise did not cure such failure for any year, or the Fund would otherwise fail to qualify for treatment as a regulated investment company accorded special tax treatment for such year, the Fund would be subject to federal income tax in the same manner as an ordinary corporation and distributions to shareholders, including any distributions of net long-term capital gains, would be taxable to such holders as dividend income to the extent of the current or accumulated earnings and profits of the Fund. Some portions of such distributions might be eligible for the dividends-received deduction in the case of corporate shareholders and might be eligible to be treated as "qualified dividend income" in the case of shareholders taxes as individuals, provided, in both cases, that the shareholder meets certain holding period and other requirements in respect of the Fund's shares. Distributions in excess of current or accumulated earnings and profits would be treated as a tax-free return of capital, to the extent of a shareholder's basis in its shares, and any excess would be treated as a long- or short-term capital gain. In addition, the Fund could be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions before re-qualifying as a regulated investment company that is accorded special tax treatment.

In determining its net capital gain, including in connection with determining the amount available to support a capital gain dividend (as defined below), its taxable income, and its earnings and profits, a regulated investment company generally may elect to treat part or all of any post-October capital loss (defined as any net capital loss attributable to the portion of the taxable year after October 31 or, if there is no such loss, the net long-term capital loss or net short-term capital loss attributable to such portion of the taxable year) or late-year ordinary loss (generally, the sum of its (i) net ordinary loss from the sale, exchange or other taxable disposition of property, attributable to the portion of the taxable year after October 31, and its (ii) other net ordinary loss attributable to the portion of the taxable year after December 31) as if incurred in the succeeding taxable year.

Capital losses in excess of capital gains ("net capital losses") are not permitted to be deducted against the Fund's net investment income. Instead, potentially subject to certain limitations, the Fund may carry net capital losses from any taxable year forward to subsequent taxable years to offset capital gains, if any, realized during such subsequent taxable years. Distributions from capital gains generally are made after applying any available capital loss carryforwards. Capital loss carryforwards are reduced to the extent they offset current-year net realized capital gains, whether the Fund retains or distributes such gains.

If the Fund incurs or has incurred net capital losses in taxable years beginning after December 22, 2010 ("post-2010 losses"), those losses will be carried forward to one or more subsequent taxable years without expiration to offset capital gains realized during such subsequent taxable years; any such carryforward losses will retain their character as short-term or long-term. If the Fund incurred net capital losses in a taxable year beginning on or before December 22, 2010 ("pre-2011 losses"), the Fund is permitted to carry such losses forward for eight taxable years; in the year to which they are carried forward, such losses are treated as short-term capital losses that first offset any short-term capital gains, and then offset any long-term capital gains. The Fund must use any post-2010 losses, which will not expire, before it uses any pre-2011 losses. This increases the likelihood that pre-2011 losses will expire unused at the conclusion of the eight-year carryforward period.

The Fund may make investments that produce income that is not matched by a corresponding receipt of cash by the Fund, such as investments in inflation-indexed bonds, pay-in-kind bonds or in obligations such as certain Brady Bonds or zero coupon securities having original issue discount (i.e., an amount equal to the excess of the stated redemption price of the security at maturity over its issue price), or in securities having market discount (i.e., an amount equal to the excess of the stated redemption price of the security at maturity over its basis immediately after it was acquired) if the Fund elects, as it intends, to accrue market discount on a current basis. In addition, the Fund may be required to continue to accrue income for federal income tax purposes with respect to a non-performing investment. Any of the foregoing income, or income from other debt securities subject to special rules under the Code, would be treated as income earned by the Fund and therefore would be subject to the distribution requirements described above, which may require the Fund to pay out as an income distribution each year an amount which is greater than the total amount of cash interest the Fund actually received. Because such income may not be matched by a corresponding receipt of cash by the Fund, the Fund may be required to dispose of other securities to be able to make distributions to its shareholders.

Very generally, where the Fund purchases a bond at a price that exceeds the redemption price at maturity (i.e., a premium), the premium is amortizable over the remaining term of the bond. In the case of a taxable bond, if the Fund makes an election applicable to all such bonds it purchases, which election is irrevocable without consent of the IRS, the Fund reduces the current taxable income from the bond by the amortized premium and reduces its tax basis in the bond by the amount of such offset; upon the disposition or maturity of such bonds acquired on or after January 4, 2013, the Fund is permitted to deduct any remaining premium allocable to a prior period.

The Fund's taxable income will in most cases be determined on the basis of reports made to the Fund by the issuers of the securities in which the Fund invests. The tax treatment of certain securities in which the Fund may invest is not free from doubt and it is possible that an IRS examination of the issuers of such securities or of the Fund could result in adjustments to the income of the Fund. An upward adjustment by the IRS to the income of the Fund may result in the failure of the Fund to satisfy the 90% distribution requirement described herein that is necessary for the Fund to maintain its status as a regulated investment company under the Code. In such event, the Fund may be able to make a "deficiency dividend" distribution to its shareholders with respect to the year under examination to satisfy this requirement. Such distribution will be taxable as a dividend to the shareholders receiving the distribution (whether or not the Fund has sufficient current or accumulated earnings and profits for the year in which such distribution is made), and may be eligible for treatment as capital gain dividends. A downward adjustment by the IRS to the income of the Fund may cause a portion of the previously made distribution with respect to the year under examination not to be treated as a dividend. In such event, the portion of distributions to each shareholder not treated as a dividend would be recharacterized as a return of capital and reduce the shareholder's basis in the shares held at the time of the previously made distributions. Accordingly, this reduction in basis could cause a shareholder to recognize additional gain upon the sale of such shareholder's shares.

Income, proceeds and gains received by the Fund from sources outside the United States may be subject to withholding and other taxes imposed by countries other than the United States, which can generally reduce the Fund's returns. Tax treaties between certain countries and the U.S. may reduce or eliminate such taxes. Shareholders generally will not be entitled to claim any tax credit or deduction with respect to any foreign income taxes paid by the Fund.

Certain of the Fund's investments in structured products may, for federal income tax purposes, constitute investments in shares of foreign corporations. If the Fund purchases shares in certain foreign investment entities, called "passive foreign investment companies" ("PFICs"), the Fund may be subject to U.S. federal income tax (including interest charges) on certain distributions from a PFIC or gain from the disposition of the PFIC's shares even if the income is distributed as a taxable dividend by the Fund to its shareholders. However, if the Fund receives the necessary information from the PFIC, which may be difficult to obtain, the Fund may elect to treat the PFIC as a "qualified electing fund" under the Code, in which case the Fund would, in lieu of the treatment described above, be required to include in income each year its share of the PFIC's ordinary income and net capital gains, even if not distributed to the Fund by the PFIC. Such amounts would be subject to the 90% and excise tax distribution requirements described above.

Alternatively, the Fund may elect to mark "to market" the gains (and to a limited extent losses) in its shares in a PFIC. If such an election is made, the Fund will be treated as though it had sold (and, solely for purposes of this

mark-to-market election, repurchased) its holdings in those PFICs on the last day of the Fund's taxable year, and will include in income each year an amount equal to the excess, if any, of the fair market value of the PFIC stock as of the close of the taxable year over the Fund's adjusted basis in such stock at the time. The Fund is allowed a deduction for the excess, if any, of the adjusted basis of the PFIC stock over its fair market value as of the close of the taxable year. However, such deductions are allowable only to the extent of any net mark-to-market gains with respect to the stock included by the Fund for prior taxable years. The tax basis of the PFIC stock is adjusted to reflect the income and deductions recognized. Mark-to-market gains and the allowable deductions will receive ordinary gain/loss treatment. Additionally, the holding period of PFIC stock will be deemed to begin on the first day of the following tax year after making the election. For purposes of regulated investment company qualification, mark-to-market gain is treated as dividend income. Any income or loss recognized as a result of a mark-to-market election is treated as U.S. sourced. Because of the expansive definition of a PFIC, it is possible that the Fund may invest a portion of its assets in PFICs. Because it is not always possible to identify a foreign corporation as a PFIC, the Fund may incur the tax and interest charges described above in some instances. It is not anticipated, however, that the portion of the Fund's assets invested in PFICs will be material.

The Fund's transactions in foreign currencies, foreign currency-denominated debt obligations and certain foreign currency options, futures contracts and forward contracts (or similar instruments) may give rise to ordinary income or loss to the extent that such income or loss results from fluctuations in the value of the foreign currency concerned. Such ordinary income treatment may accelerate Fund distributions to shareholders and increase the distributions taxed to shareholders as ordinary income. Any such net gains could require a larger dividend toward the end of the calendar year. Because ordinary losses from foreign currency transactions generally will reduce the amount of ordinary income distributions the Fund will be allowed to distribute for a taxable year, such foreign currency losses may result in all or a portion of prior distributions for such year being recharacterized as a non-taxable return of capital to shareholders, rather than as ordinary income dividends, which would have the effect of reducing each shareholder's basis in his or her Fund shares. To the extent that such distributions exceed a shareholder's basis, the distribution will be treated as gain from the sale of shares. Any net ordinary losses created as a result of foreign currency losses cannot be carried forward by the Fund to offset income or gains earned in subsequent taxable years.

Shareholders

Shareholders will generally be subject to federal income tax on distributions from the Fund, whether paid in cash or reinvested in additional shares. Shareholders receiving distributions from the Fund in the form of additional shares will be treated for federal tax purposes as receiving a distribution in an amount equal to either (i) if the shares are trading below net asset value, the amount of cash allocated to the shareholder for the purchase of shares on its behalf in the open market, or (ii) if shares are trading at or above net asset value, generally the fair market value on the date of such distribution of the additional shares issued to the shareholder.

Distributions. Distributions to shareholders of the Fund's investment income generally are taxable to shareholders as ordinary income. It is anticipated that a portion of such distributions may qualify for the dividends-received deduction generally available to corporate shareholders under the Code and may be eligible to be treated as "qualified dividend income" in the case of individual shareholders provided, in both cases, that the Fund and its shareholders meet certain holding period and other requirements with respect to the underlying stock and the shareholder's Fund shares, respectively. For dividends received by the Fund from a foreign corporation to constitute qualified dividend income, either the relevant foreign country must have a comprehensive income tax treaty with the U.S. or the stock of such foreign corporation must be readily tradable on an established securities market in the United States, and the foreign corporation must satisfy certain additional requirements (including in particular that it may not be a PFIC). Distributions of investment income reported by the Fund as derived from "qualified dividend income" will be taxed in the hands of individuals at the at rates applicable to net capital gain, provided holding period and other requirements are met at both the shareholder and Fund level..

Taxes on distributions of capital gains are determined by how long the Fund owned (or is deemed to have owned) the investments that generated them, rather than how long a shareholder has owned his or her shares. In general, the Fund will recognize long-term capital gain or loss on investments it has owned for more than one year, and short-term capital gain or loss on investments it has owned for one year or less. Tax rules can alter the Fund's holding period in investments and thereby affect the tax treatment of gain or loss on such investments. Distributions

to shareholders of net capital gains that are properly reported by the Fund as capital gains dividends (“capital gain dividends”) will be taxable to shareholders as long-term capital gain includible in net capital gain and taxed to individuals at reduced rates relative to ordinary income, regardless of how long the Fund shares have been held by such shareholders. Distributions from capital gains generally are made after applying any available capital loss carryforwards. Distributions of net short-term capital gain (as reduced by any net long-term capital loss for the taxable year) will be taxable to shareholders as ordinary income. With respect to corporate taxpayers, generally net capital gain is taxed at the same federal income tax rate as ordinary income and short-term capital gain.

Section 1411 of the Code generally imposes a 3.8% Medicare contribution tax on the net investment income of certain individuals, trusts and estates to the extent their income exceeds certain threshold amounts. For these purposes, “net investment income” generally includes, among other things, (i) distributions paid by the Fund of net investment income and capital gains as described above, and (ii) any net gain from the exchange, sale or other taxable disposition of Fund shares. Shareholders are advised to consult their tax advisors regarding the possible implications of this additional tax on their investment in the Fund.

Distributions on the Fund’s shares generally are subject to U.S. federal income tax as described herein to the extent they do not exceed the Fund’s realized income and gains, even though such distributions may economically represent a return of a particular shareholder’s investment. Such distributions are likely to occur in respect of shares purchased at a time when the Fund’s net asset value reflects either unrealized gains, or realized but undistributed income or gains, that were therefore included in the price the shareholder paid. Such distributions may reduce the fair market value of the Fund’s shares below the shareholder’s cost basis in those shares. As described above, the Fund is required to distribute realized income and gains regardless of whether the Fund’s net asset value also reflects unrealized losses. Shareholders considering buying shares just prior to a dividend or capital gain distribution should be aware that, although the price of shares purchased at that time may reflect the amount of the forthcoming distribution, those who purchase just prior to a distribution will receive a distribution which will nevertheless be taxable to them.

Dividends and distributions by the Fund are generally taxable to the shareholders at the time the dividend or distribution is made (even if paid or reinvested in additional shares). Any dividend declared by the Fund in October, November or December of any calendar year, however, which is payable to shareholders of record on a specified date in such a month will be treated as received by the shareholders as of December 31 of such year if the dividend is paid during January of the following year. Any distribution in excess of the Fund’s current and accumulated earnings and profits will be treated as a return of capital to the extent of such shareholder’s tax basis, and will first reduce a shareholder’s basis in his or her shares and, after the shareholder’s basis is reduced to zero, and thereafter will constitute capital gain to the shareholder. A return of capital is not taxable, but it reduces a shareholder’s tax basis in its shares, thus reducing any loss or increasing any gain on a subsequent taxable disposition by the shareholder of its shares.

A notice detailing the tax status of dividends and distributions paid by the Fund will be mailed annually to the shareholders of the Fund.

Sale, Exchange, or Redemption of Shares. Gain or loss, if any, recognized on the sale, exchange, or redemptions of shares of the Fund will be taxed as capital gain or loss if the shares are capital assets in the shareholder’s hands. Generally, a shareholder’s gain or loss will be a long-term gain or loss if the shares have been held for more than one year. Otherwise, the gain or loss on the taxable disposition of Fund shares will be treated as short-term capital gain or loss. If a shareholder redeems, sells or otherwise disposes of a share of the Fund before holding it for more than six months, any loss on the taxable disposition of such share shall be treated as a long-term capital loss to the extent of any capital gain dividends received (or deemed received) by the shareholder with respect to such share. A loss realized on a taxable disposition of shares may be disallowed if other substantially identical shares are acquired, including by means of dividend reinvestment, within a 61-day period beginning 30 days before and ending 30 days after the date that the shares are disposed of. If disallowed, the loss will be reflected by an upward adjustment to the basis of the newly-acquired shares. Upon the redemption, sale or other taxable disposition of Fund shares, the Fund or, in the case of shares purchased through a financial intermediary, the financial intermediary may be required to provide you and the IRS with cost basis and certain other related tax information about the Fund shares you redeemed or sold. See the Fund’s Prospectus for more information.

Backup Withholding

The Fund may be required to withhold U.S. federal income tax (“backup withholding”) from dividends and redemption proceeds payable to non-corporate shareholders who fail to provide the Fund with their correct taxpayer identification numbers or fail to make required certifications, or who have been notified by the IRS that they are subject to backup withholding. Backup withholding is not an additional tax. Any such withheld amounts may be credited against the shareholder’s U.S. federal income tax liability, provided the appropriate information is furnished to the IRS.

Other Reporting and Withholding Requirements

Sections 1471-1474 of the Code and the U.S. Treasury and IRS guidance issued thereunder (collectively, “FATCA”) generally require the Fund to obtain information sufficient to identify the status of each of its shareholders under FATCA or under an applicable intergovernmental agreement (an “IGA”) between the United States and a foreign government. If a shareholder fails to provide the requested information or otherwise fails to comply with FATCA or an IGA, the Fund may be required to withhold under FATCA at a rate of 30% with respect to that shareholder on ordinary dividends it pays, and 30% of the gross proceeds of the sale, redemption or exchange of Fund shares and certain capital gain dividends, it pays on or after January 1, 2019). If a payment by the Fund is subject to FATCA withholding, the Fund is required to withhold even if such payment would otherwise be exempt from withholding under the rules applicable to foreign shareholders (e.g., capital gain dividends).

Each prospective investor is urged to consult its tax adviser regarding the applicability of FATCA and any other reporting requirements with respect to the prospective investor’s own situation including investments through an intermediary.

Shareholders should consult their own tax advisers regarding specific questions as to the federal, state, local and foreign tax consequence of ownership of shares in the Fund.

ADDITIONAL INFORMATION

Description of Shares

Holland Series Fund, Inc. was incorporated under Maryland Law on June 27, 1995. The Fund currently is the only organized series of Holland Series Fund, Inc. Holland Series Fund, Inc. has an authorized capital of 1,000,000,000 shares of Common Stock, par value \$0.01 per share. All shares are of the same class. Shareholders of the Fund are entitled to one vote for each full share held and fractional votes for fractional shares held. Voting rights for Directors are not cumulative. Shares of the Fund are fully paid and non-assessable and have no preemptive or conversion rights. Redemption rights are discussed elsewhere herein and in the Prospectus. Each share is entitled to participate equally in dividends and distributions declared by the Fund and in the net assets of the Fund upon liquidation or dissolution after satisfaction of outstanding liabilities. Stock certificates will not be issued by the Transfer Agent.

Appropriate Investors

Investors should carefully consider the Prospectus and Statement of Additional Information when determining whether the Fund is an appropriate investment given their particular investment needs and preferences. An investment in the Fund may provide diversification to an investor whose assets are primarily invested in stocks or bonds alone. The Fund may be an appropriate choice for conservative investors seeking to build wealth over time. The Fund may also be an appropriate choice for: (i) those who want to leave the all-important asset allocation decision to a professional manager; (ii) investors who want to capture some of the stock market’s growth potential but with less risk than an all-equity portfolio; and (iii) investors building capital for education or retirement who are looking for a core investment vehicle.

Independent Registered Public Accounting Firm

BBD, LLP, 1835 Market Street, Floor 3, Philadelphia, PA 19103 served as Independent Registered Public Accountants of the Fund for the fiscal year ended September 30, 2017 and was responsible for auditing the financial statements of the Fund. The Independent Registered Public Accountants are responsible for auditing the financial statements of the Fund.

Custodian and Fund Accounting Agent

State Street, One Lincoln Street, Boston, Massachusetts 02111 acts as custodian and fund accounting agent of the Fund's assets. State Street as custodian is responsible for safeguarding and controlling the Fund's cash and securities, handling the delivery of securities and collecting interest and dividends on the Fund's investments. State Street as fund accounting agent is responsible for maintaining the books and records and calculating the daily NAV of the Fund.

Transfer Agent

ALPS Mutual Fund Services, Inc., 1290 Broadway, Suite 1100, Denver, Colorado 80203/PO Box 44183, Denver, Colorado 80201 acts as the Fund's Transfer Agent. The Transfer Agent is responsible for the issuance, transfer and redemption of shares and the opening, maintenance and servicing of shareholder accounts.

Legal Counsel

Ropes & Gray LLP, Prudential Tower, 800 Boylston Street, Boston, Massachusetts, 02199 is counsel for the Fund.

Reports to Shareholders

The fiscal year of the Fund ends on September 30 of each year. The Fund sends to its shareholders at least semi-annually reports showing the Fund's portfolio holdings and other information. An annual report, containing financial statements audited by Independent Auditors, is sent to shareholders each year. At the end of each calendar year, shareholders will receive federal income tax information regarding dividends and capital gains distributions.

Additional Information

The Prospectus and this Statement of Additional Information do not contain all the information set forth in the Registration Statement and the exhibits thereto, which the Fund has filed with the SEC, under the Securities Act and the 1940 Act, to which reference is hereby made. Information about the Fund can be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the public reference room may be obtained by calling the SEC at 1-202-942-8090. Reports and other information about the Fund are also available on the SEC's Internet site at <http://www.sec.gov> and copies of this information may be obtained, upon payment of a duplicating fee, by electronic request at the following E-mail address: publicinfo@sec.gov or by writing the Public Reference Section of the SEC, Washington, D.C. 20549-0102.

DISTRIBUTOR

ALPS Distributors, Inc., 1290 Broadway, Suite 1100, Denver, Colorado 80203, serves as Distributor pursuant to the Amended and Restated Distribution Agreement dated January 10, 2017 (the "Distribution Agreement"). Pursuant to the Distribution Agreement, the Fund does not pay the Distributor a distribution fee. The Distributor is not obligated to sell any specific number of shares and will sell shares of the Fund on a continuous basis only against orders to purchase shares.

FINANCIAL STATEMENTS

The Fund's annual Financial Statements for the fiscal year ended September 30, 2017 are hereby incorporated by reference in this Statement of Additional Information from the Fund's Annual Report included in the Fund's Form N-CSR filed with the SEC on November 28, 2017 (File No. 811-09060; Accession No. 0001193125-17-353426. The Fund's annual report and semi-annual report can be obtained without charge by calling the Fund at 1-(800) 30-HOLLAND (1-800-304-6552).

APPENDIX A

HOLLAND SERIES COMPANY, INC.

Proxy Voting Policy and Procedures

The Board of Directors of Holland Series Company, Inc. (the “Company”) hereby adopts the following policy and procedures with respect to voting proxies relating to portfolio securities held by the Holland Balanced Fund (the “Fund”).

I. Policy

It is the policy of the Board of Directors of the Company (the “Board”) to delegate the responsibility for voting proxies relating to portfolio securities held by the Fund to Holland & Company, LLC (the “Adviser”) as a part of the Adviser’s general management of the Fund, subject to the Board’s continuing oversight. The Adviser may retain one or more vendors to review, monitor and recommend how to vote proxies in a manner substantially consistent with the policies of the Adviser and then ensure such proxies are voted on a timely basis.

II. Fiduciary Duty

The right to vote a proxy with respect to portfolio securities held by the Fund is an asset of the Company. The Adviser, to which authority to vote on behalf of the Fund is delegated, acts as a fiduciary of the Fund and must vote proxies in a manner consistent with the best interest of the Fund and its shareholders.

III. Procedures

The following are the procedures adopted by the Board for the administration of this policy:

Review of Adviser Proxy Voting Procedures. The Fund’s Board shall review and amend these procedures as they deem necessary and advisable. In addition, the Adviser shall notify the Board promptly of materials changes to its policies, procedures or other guidelines for voting proxies on behalf of the Fund.

Voting Record Reporting. The Adviser shall provide the voting record information necessary for the completion and filing of Form N-PX to the Fund at least annually. Such voting record information shall be in a form acceptable to the Fund and shall be provided at such time(s) as are required for the timely filing of Form N-PX and at such additional time(s) as the Fund and the Adviser may agree to from time to time. With respect to those proxies that the Adviser has identified as involving a conflict of interest¹, the Adviser shall

¹ As it is used in this document, the term “conflict of interest” refers to a situation in which the Adviser or affiliated persons of the Adviser have a financial interest in a matter presented by a proxy other than the obligation it incurs as investment adviser to the Fund which could potentially compromise the Adviser’s independence of judgment and action with respect to the voting of the proxy.

submit a separate report indicating the nature of the conflict of interest and how that conflict was resolved with respect to the voting of the proxy.

IV. Revocation

The delegation by the Board of the authority to vote proxies relating to portfolio securities of the Funds is entirely voluntary and may be revoked by the Board, in whole or in part, at any time.

V. Annual Filing

The Company shall file an annual report of each proxy voted with respect to portfolio securities of the Fund during the twelve-month period ended June 30 on Form N-PX not later than August 31 of each year.¹

VI. Disclosures

A. The Company shall include in its registration statement:

1. A description of this policy and of the policies and procedures used by the Adviser to determine how to vote proxies relating to portfolio securities; and
2. A statement disclosing that information regarding how the Company voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling the Company's toll-free telephone number; or through a specified Internet address; or both; and on the Securities and Exchange Commission's (the "SEC") website.

B. The Company shall include in its annual and semi-annual reports to shareholders:

1. A statement disclosing that a description of the policies and procedures used by or on behalf of the Company to determine how to vote proxies relating to portfolio securities of the Fund is available without charge, upon request, by calling the Company's toll-free telephone number; through a specified Internet address, if applicable; and on the SEC's website; and
2. A statement disclosing that information regarding how the Company voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available without charge, upon request, by calling the Company's toll-free telephone number; or through a specified Internet address; or both; and on the SEC's website.

¹ The Fund must file its first report on Form N-PX not later than August 31, 2004, for the twelve-month period beginning July 1, 2003, and ending June 30, 2004.

VII. Review of Policy.

At least annually, the Board shall review this policy to determine its sufficiency and shall make and approve any changes that it deems necessary from time to time.

Holland & Co. LLC
Proxy Voting Policies and Procedures

I. GENERAL GUIDELINES

In voting proxies, Holland & Co. LLC (“Holland”) is guided by general fiduciary principles. Holland’s goal is to act prudently and solely in the best interest of its client, the Holland Series Fund, Inc. (the “Fund”). Holland attempts to consider all factors of its vote that could affect the value of the investment and will vote proxies in the manner that it believes will be consistent with efforts to maximize shareholder values. Holland intends to vote all proxies unless it is impractical.

II. HOW HOLLAND VOTES

Generally, Holland divides proxies into routine matters and non-recurring or extraordinary matters. Michael Holland, the managing member of Holland, makes voting decisions for all matters. It is Holland’s general policy, absent a particular reason to the contrary, to vote with management’s recommendations on all matters. Holland, however, considers non-recurring or extraordinary matters on a case-by-case basis, generally following the suggestions for such matters detailed below. If there is a non-recurring or extraordinary matter for which there is no suggestion detailed below, Holland votes on a case-by-case basis in accordance with the General Guidelines set forth above in Section I. Holland generally divides issues into the categories listed below.

III. VOTING POLICY

These are policy guidelines that can always be superseded, subject to the duty to act solely in the best interest of the Fund.

(1) Election of Directors

A. Voting on Director Nominees in Uncontested Elections.

Holland votes on director nominees on a case-by-case basis. Factors include independence of the board, long-term company performance and responsiveness to shareholder proposals.

B. Chairman and CEO is the Same Person.

Holland votes on shareholder proposals that would require the positions of chairman and CEO to be held by different persons on a case-by-case basis. Factors include the size of the company and management performance.

C. Majority of Independent Directors

1. Holland votes for shareholder proposals that request that the board be comprised of a majority of independent directors.
2. Holland votes for shareholder proposals that request that the board audit, compensation and/or nominating committees include independent directors exclusively.

D. Stock Ownership Requirements

Holland votes on shareholder proposals requiring directors to own a minimum amount of company stock in order to qualify as a director, or to remain on the board on a case-by-case basis. While Holland generally favors stock ownership by directors, it also believes that the company should determine the appropriate requirement.

E. Term of Office

Holland votes on a case-by-case basis shareholder proposals to limit the tenure of independent directors.

F. Director and Officer Indemnification and Liability Protection

1. Subject to subparagraphs 2, 3, and 4 below, Holland votes for proposals concerning director and officer indemnification and liability protection.
2. Holland votes for proposals to limit and against proposals to eliminate entirely director and officer liability for monetary damages for violating the duty of care.
3. Holland votes against indemnification proposals that would expand coverage beyond just legal expenses to acts, such as negligence, that are more serious violations of fiduciary obligations than mere carelessness.
4. Holland votes for only those proposals that provide such expanded coverage noted in subparagraph 3 above in cases when a director's or officer's legal defense was unsuccessful if: (1) the director was found to have acted in good faith and in a manner that he reasonably believed was in the best interests of the company, and (2) if only the director's legal expenses would be covered.

G. Mandatory Retirement Ages

Holland votes on a case-by-case basis proposals to set mandatory retirement ages for independent directors.

(2) Proxy Contests

A. Voting for Director Nominees in Contested Elections

Holland votes on a case-by-case basis contested elections of directors. Factors include long-term company performance, management's track record, qualifications of nominees and an evaluation of what each side is offering.

B. Reimburse Proxy Solicitation Expenses

Holland votes on a case-by-case basis proposals to provide full reimbursement for dissidents waging a proxy contest.

(3) Auditors

A. Ratifying Auditors

Holland votes for proposals to ratify auditors it determines are ethical, qualified and independent.

(4) Proxy Contest Defenses

A. Board Structure: Staggered vs. Annual Elections

1. Except in connection with closed-end investment companies, Holland votes against proposals to classify the board.
2. Except in connection with closed-end investment companies, Holland votes for proposals to repeal classified boards and to elect all directors annually.

B. Shareholder Ability to Remove Directors

1. Holland votes against proposals that provide that directors may be removed only for cause.
2. Holland votes for proposals to restore shareholder ability to remove directors with or without cause.
3. Holland votes against proposals that provide that only continuing directors may elect replacements to fill board vacancies.
4. Holland votes for proposals that permit shareholders to elect directors to fill board vacancies.

C. Cumulative Voting

1. Holland votes against proposals to eliminate cumulative voting.
2. Holland votes on proposals to permit cumulative voting on a case-by-case basis. Factors include the company's other governance provisions including annual election of all directors and a majority of independent directors.

D. Shareholder Ability to Call Special Meetings

1. Holland votes against proposals to restrict or prohibit shareholder ability to call special meetings.
2. Holland votes for proposals that remove restrictions on the right of shareholders to act independently of management.

E. Shareholder Ability to Act by Written Consent

1. Holland votes against proposals to restrict or prohibit shareholder ability to take action by written consent.
2. Holland votes for proposals to allow or make easier shareholder action by written consent.

F. Confidential Voting

1. Holland votes for management and shareholder proposals that generally request corporations to adopt confidential voting, use independent tabulators and use independent inspectors of election.

(5) Tender Offer Defenses

A. Poison Pills

1. Holland votes for shareholder proposals that ask a company to submit its poison pill for shareholder ratification.
2. Holland votes on a case-by-case basis shareholder proposals to redeem a company's poison pill.
3. Holland votes on a case-by-case basis management proposals to ratify a poison pill.

B. Supermajority Shareholder Vote Requirement

1. Holland votes against management proposals to require a supermajority shareholder vote.
2. Holland votes for shareholder proposals to lower supermajority shareholder vote requirements.

C. Bundled Proposals

1. Holland votes on a case-by-case basis bundled or "conditioned" proxy proposals. In the case of items that are conditioned upon each other, Holland examines the benefits and costs of the packaged items. If the combined effect is positive, Holland supports the proposals and vice versa.

(6) Capital Structure

A. Common Stock Authorization

1. Holland votes on a case-by-case basis proposals to increase the number of shares of common stock authorized for issue.
2. Holland votes against proposals at companies with dual-class capital structures to increase the number of authorized shares of the class of stock that has superior voting rights.
3. Holland votes for proposals to approve increases beyond the allowable increase when a company's shares are in danger of being delisted or if a company's ability to continue operating as a going concern is uncertain.

B. Debt Restructuring

1. Holland votes on a case-by-case basis proposals to increase common and/or preferred shares and to issue shares as part of a debt restructuring plan. Generally, Holland approves proposals that facilitate debt restructuring.

(7) Executive and Director Compensation

In general, Holland votes on a case-by-case basis executive and director compensation plans. Certain factors, however, such as repricing underwater stock options without shareholder approval, would cause Holland to vote against a plan.

(8) Mergers and Corporate Restructuring

A. Mergers and Acquisitions

Holland votes on a case-by-case basis mergers and acquisitions. Factors include purchase price, fairness opinion, financial and strategic benefits, how the deal was negotiated and conflicts of interest.

(9) Social and Environmental Issues

1. In general Holland votes on a case-by-case basis shareholder social and environmental proposals, on the basis that their impact on share value can rarely be anticipated with any high degree of confidence. In most cases, however, Holland votes for disclosure reports that seek additional information, particularly when it appears companies have not adequately addressed shareholders' social and environmental concerns. In determining the vote on shareholder social and environmental proposals, Holland also analyzes the impact on the company's share value.

The voting policy guidelines set forth in this Section III may be changed from time to time by Holland in its sole discretion.

IV. CONFLICTS OF INTEREST

Because Holland does not engage in activities other than investment management, is not part of a larger organization that engages in other lines of business and has the Fund as its only discretionary client, it is unlikely that any material conflicts of interest will arise. Michael Holland recognizes, however, that circumstances such as his personal relationships, may cause a conflict interest. In the event of a conflict of interest, Holland will disclose the conflict to the Board of Directors of the Fund and obtain its consent before voting.

Holland shall maintain such records as are necessary to allow the Fund to comply with its recordkeeping, reporting and disclosure obligations under applicable laws, rules and regulations.

In lieu of keeping copies of proxy statements, Holland may rely on proxy statements filed on the EDGAR system as well as on third party records of proxy statements and votes cast if the third party provides an undertaking to provide the documents promptly upon request.

Holland will disclose and review these policies and procedures to the Board of Directors of the Fund on a periodic basis.

V. RECORD KEEPING AND OVERSIGHT

Holland shall maintain the following records relating to proxy voting:

- a copy of these policies and procedures;
- a copy of each proxy form (as voted);
- a copy of each proxy solicitation (including proxy statements) and related materials with regard to each vote;
- documentation relating to the identification and resolution of conflicts of interest;
- any documents created by Holland that were material to a proxy voting decision or that memorialized the basis for that decision; and
- a copy of each written request by the Board for information on how Holland voted proxies on behalf of the Fund, and a copy of any written response by Holland to any written or oral request from the Board for information on how Holland voted proxies on behalf of the Fund.

These records shall be maintained and preserved in an easily accessible place for a period of not less than five years from the end of the fiscal year during which the last entry was made on such record, the first two years in Holland's offices.