

***ROXBURY CAPITAL MANAGEMENT, LLC***

**Written Disclosure Statement**

Information Contained in Part II of Form ADV  
**March 31, 2009**

**ROXBURY CAPITAL MANAGEMENT, LLC**  
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**2008**

**WRITTEN DISCLOSURE STATEMENT**  
**INFORMATION CONTAINED IN PART II OF FORM ADV**

Ownership: On July 31, 1998, WT Investments, Inc., a Delaware corporation ("WTI") and a wholly owned subsidiary of Wilmington Trust Corporation, a Delaware corporation and publicly held company registered under Section 12(g) of the Securities Exchange Act of 1934 ("Wilmington"), acquired 100% of the Preferred Interests of Roxbury Capital Management, LLC, a Delaware limited liability company ("Roxbury"). The Common Interests of Roxbury are owned primarily by Roxbury Capital Management, a California corporation ("Roxbury Corporation"), and Anthony H. Browne (the "Principal"), a related trust and Wilmington.

WTI is entitled to receive the lesser of pre-tax income or 30% of Roxbury's gross revenues. The Common Interest Holders are generally entitled to 100% of the free cash flow after payment of expenses, payment to WTI of its share of Roxbury's gross revenues and any reserves.

Roxbury is governed by a Board of Managers of six individuals, three of whom are selected by the Roxbury, and three of whom are to be selected by WTI.

Under the terms of the agreements between Roxbury, Roxbury Corporation, the Principals, WTI, Wilmington and another Wilmington subsidiary by which WTI acquired an ownership interest in Roxbury (the "Purchase Agreements"), the Principals have the right to sell, and Wilmington must purchase, a portion of their interest in Roxbury to Wilmington under certain conditions and at certain times, and Wilmington is permitted under other circumstances, to purchase the ownership interest of a Principal whose employment with Roxbury terminates.

In addition, Roxbury Corporation has granted options on Roxbury Common Interests that Roxbury Corporation owned to certain Roxbury employees. These options have been exercised by some of the employees. These employees have the same rights to sell to Wilmington a portion of their ownership interest in Roxbury as the principals do. Similarly, Wilmington may purchase, under certain circumstances, the ownership interest of an employee who terminates employment with Roxbury.

Roxbury established a Phantom Unit Plan to provide it with a means for rewarding a select group of key employees, offering them compensation incentives in the form of cash bonus payments which align such employees' current and long-term interests with the company's current and long-term interests.

**1(A)** Roxbury provides investment supervisory services to accounts whose fee billings represent approximately 93% of Roxbury's total fee billings. Roxbury also manages investment advisory accounts not involving investment

supervisory services as an investment manager for various wrap fee program sponsors; the fee billings for these accounts represent approximately 7% of total fee billings. In addition, Roxbury may choose to advise an account on a non-discretionary basis.

**(B)** Roxbury does not call any of its services financial planning or by some similar term.

**(C)** Roxbury offers investment advisory services for a percentage of assets under management, in some negotiated situations a fixed fee, and if a client requests or in the case of RQS hedge funds, a fee based on Roxbury's performance in managing a client's account. Such performance based fees will only be charged to qualified clients defined under Rule 205-3 under the Investment Advisers Act of 1940, as amended.

**(D)** Roxbury manages client portfolios on a discretionary basis. Roxbury offers several styles of discretionary equity accounts. In 2007, Roxbury ceased to manage client portfolios on a discretionary basis in the Fixed Income and Balanced account styles. However, there remain several residual Balanced accounts, which are still managed on a discretionary basis, though generally, fixed income securities in any such accounts are categorized as unsupervised. Additionally, in 2008, Roxbury ceased to manage All-Cap Equity style accounts. The equity styles include: Core Equity; Focus (Non-Diversified); Health Sciences; Mid-Cap Value; Small-Cap Growth; Small/Mid-Cap; and Strategic Growth. The Core Equity, Focus (Non-Diversified), Health Sciences and Strategic Growth styles are subadvised by Mar Vista Investment Partners, an affiliate of Roxbury. Roxbury may add styles or change the criteria for these styles, as Roxbury deems appropriate. In 2007, Roxbury added quantitative products: an All-Cap Income strategy and a hedge fund. Roxbury will not usually accept an account that has check writing privileges or is a margin account. However, Roxbury may, in its sole discretion, determine to accept such an account. See item 4A for a description of the investment guidelines for each investment management style offered.

A client, upon engaging Roxbury as its discretionary investment manager, must select one of Roxbury's styles of management for the client's portfolio. The client may change the style upon written request to Roxbury. Moreover, Roxbury will manage the client's portfolio in accordance with the client's individual investment objectives, financial situation, risk tolerance, and any reasonable investment guidelines established by the client. In addition, Roxbury may manage taxable portfolios differently from tax-exempt portfolios that have selected the

same management style unless directed otherwise by the client. However, under certain Wrap Fee Programs (see page 4), Roxbury may not be able to manage taxable accounts differently than tax-exempt accounts because of Wrap Fee Program sponsor system limitations.

Roxbury may purchase foreign securities that trade on major U.S. exchanges for its discretionary equity portfolios. Roxbury purchases foreign securities primarily for appreciation and not for yield, although dividends may be paid on some foreign securities. Many foreign countries impose dividend withholding taxes up to 30%. Generally, taxable portfolios may be able to recoup all or a portion of foreign taxes on dividends by use of the foreign tax credit. However, tax-free portfolios will not be able to utilize the foreign tax credit and therefore may be unable to recover any foreign taxes withheld on dividends of foreign securities.

Roxbury may purchase exchange traded limited partnerships. By organizing as a partnership, a company is able to distribute more of its earnings to its limited partners than it would be able to if it were taxed as a corporation. For taxable accounts, limited partnerships can provide tax advantages through partially tax deferred cash distributions and other estate planning considerations. For non-taxable entities, income from a limited partnership may be considered unrelated business taxable income, subjecting an otherwise tax-exempt account to taxes.

Generally, Roxbury does not render any advice or take any action with respect to securities clients hold or have held that become the subject of any legal proceedings, including class actions and bankruptcies. However, Roxbury in its sole discretion may advise or take such action with respect to legal proceedings involving securities currently or previously held by certain accounts.

Under special circumstances, Roxbury may advise clients on a non-discretionary basis. The services that Roxbury provides to non-discretionary accounts and the fee charged for such services are individually negotiated with the client.

Roxbury also acts as investment adviser to the Roxbury Small-Cap Growth Fund and the Roxbury All-Cap Fund (prior to November 1, 2008, known as the Roxbury Mid-Cap Fund), open-end investment management companies registered under the Investment Company Act of 1940. In addition, Roxbury may act as a sub-adviser to pooled investment vehicles managed by affiliated and unaffiliated third parties. Roxbury may act as adviser or manager to additional limited partnerships or limited liability companies that invest in securities.

Roxbury acts as manager of RQS Migration Master Fund Ltd., (the "Master Fund"), a British Virgin Island corporation, RQS Migration Fund Ltd., (the "Offshore Fund"), a British Virgin Island corporation, RQS Migration Fund LLC, a Delaware limited liability company, and RQS Migration Beta Neutral Fund LLC (formerly known as RQS Migration Market Neutral Fund, LLC), a Delaware limited liability company. Collectively, these are referred to as the "RQS Migration Funds". The Fund expects to invest all or

substantially all of its assets in, and to hold all or substantially all of its investments indirectly through the Master Fund. The opportunity to invest in the RQS Migration Fund is available only to "eligible investors" who qualify as an "accredited investor" as defined in Regulation D under the Securities Act of 1933 and a "qualified client" as defined under Rule 205-3(d)(1) of the Investment Advisers Act of 1940. Roxbury does not intend to advise clients as to the appropriateness of investing in the Fund and it will not receive any compensation for doing so except to the extent that Roxbury receives management and other fees from the Fund. Roxbury has established control procedures to prevent conflicts of interest arising from the side-by-side management of the hedge funds with other client accounts.

Finally, Roxbury provides model portfolios of specific strategies to certain entities on a negotiated fee basis.

#### Annual Fee Schedules For Discretionary Portfolios:

##### **Equity**

Core Equity, Focus, Health Sciences, Strategic Growth:

Market Value of Portfolio	Equity	Balanced*
\$1 to \$5 million	1.00%	0.75%
Next \$15 million	0.60%	0.55%
Next \$30 million	0.50%	0.40%
Over \$50 million	Negotiable	Negotiable

*\*While Roxbury ceased marketing a Balanced strategy, it continues to charge the remaining accounts in it their contractual fee schedule. The fixed income portion of these portfolios are categorized as "unsupervised" resulting in no fees charged for that portion.*

Small/Mid-Cap and Mid-Cap Value:

Market Value of Portfolio	Fee
First \$10 million	1.00%
Next \$10 million	0.80%
Next \$30 million	0.70%
Over \$50 million	Negotiable

Small-Cap Growth:

Market Value of Portfolio	Fee
First \$50 million	1.00%
Next \$50 million	0.90%
Over \$100 million	0.80%

##### **Quantitative Products:**

Market Value of Portfolio	Fee
First \$5 million	1.00%
Next \$20 million	0.75%

Next \$25 million	0.65%
Over \$50 million	Negotiable

## RQS Migration Fund

**Management fee:** payable monthly in arrears equal to 2% per annum of the value of each member's capital account or each class of shares as of the last day of each month.

**Performance fee:** at the end of each calendar year, Roxbury receives a special allocation of the net profits of the Fund equal to 20% of the portion of each investor's pro-rata share of the net realized and unrealized appreciation in the value of the assets of the Fund for such fiscal year in excess of the net depreciation allocated to such investor's capital account or in excess of any decrease in the value of such investor's shares and carried forward from any prior year (i.e., subject to a high-water mark). Any such loss-carry forward will be adjusted in proportion to withdrawals.

Special circumstances may cause fees to vary from the above schedule. Roxbury may group multiple accounts of one client relationship together for purposes of calculating the fee. Roxbury may not charge a fee to small accounts of a client because of the fee the client is paying on the total relationship. Roxbury reserves the right to negotiate fees with clients. Roxbury may charge higher or lower fees than those described above. Roxbury has negotiated fee schedules with certain brokerage firms for clients of those firms that the firms refer to Roxbury for investment management. These fee schedules vary by firm and may be different from the fee schedules listed above. Roxbury may also manage the accounts of brokers who refer clients to Roxbury at lower fees. Roxbury may manage the accounts of its employees and their family members at lower fees or no charge. In addition, Roxbury occasionally provides its services on a pro bono basis for charitable or other reasons. In addition, Roxbury discounts its fee to Wilmington Trust Company, an affiliate, when Wilmington engages Roxbury as a sub-adviser to manage certain accounts for which Wilmington Trust Company acts as investment manager. (See the reply to item #8C6).

If a client requests, or in the case of the RQS Migration Funds, Roxbury may offer its services for a fee based on Roxbury's performance in managing the client's account in accordance with Rule 205-3 under the Investment Advisers Act of 1940. A performance based fee arrangement may create an incentive for Roxbury to make investments that are riskier or more speculative than would be the case in the absence of a performance-based fee. Under a performance based fee arrangement, Roxbury may receive increased compensation with regard to unrealized appreciation as well as realized gains in the client's account.

Fees, for all accounts other than the RQS Migration Funds, are payable quarterly in advance based on 1/4 of the annual rate and are adjusted for capital additions and withdrawals. However, some clients have negotiated

payment of fees quarterly in arrears. In addition, some clients have requested that the brokerage firm that acts as custodian for their accounts pay Roxbury's fee directly. Some of these brokerage firms calculate Roxbury's fee on additional contributions only, and some on additional contributions less withdrawals.

If a client requests in writing, Roxbury may credit a portion of its fee to another investment adviser for the performance of other services to the client.

Client accounts are generally terminated upon 30 days' written notice and a pro rata refund will be given, but Roxbury may terminate an account in less than 30 days upon a client's request. Generally, Roxbury will terminate the accounts of clients who open a margin account or an account that has check writing privileges because of the reconciliation, available cash and performance measurement difficulties such accounts create. Roxbury will give such clients 30 days' prior written notice of its intent to terminate the account. However, Roxbury in its sole discretion has permitted and may permit clients to have a margin or check writing account.

If a client that has been referred to Roxbury by a broker moves his account to a different broker or custodian, Roxbury may terminate its agreement with the client. Roxbury may do this because Roxbury does not believe it can work effectively with the new broker or custodian, or because of Roxbury's desire to maintain relationships with referring brokers.

Roxbury does not generally invest in mutual funds for its client's separate accounts. However, if a client's portfolio holds mutual funds or money market funds, the client will be paying two fees for the management of these assets, one to Roxbury and one to the money market or mutual fund manager. Roxbury may invest its client portfolios in the mutual funds for which Roxbury acts as investment adviser, but will not charge an advisory fee on such assets.

Roxbury has agreements with certain brokerage firms ("Wrap Fee Sponsors") whereby Roxbury agrees to manage accounts, which select Roxbury as an investment manager ("Wrap Fee Accounts"). Under these programs ("Wrap Fee Programs") clients typically pay a single fee based on a percentage of assets under management, for investment manager search service, custody, brokerage, performance measurement, asset allocation studies, and client consultations with a Wrap Fee financial consultant. In some Wrap Fee Programs, the client has a separate agreement with Roxbury and pays Roxbury separately. In some Wrap Fee Programs, the client may pay a brokerage commission on each transaction.

In addition, some brokerage and investment consultant firms have Managed Account Programs in which the brokerage or investment consultant firm typically provides manager search, financial consulting, performance measurement, custodial services, and in the case of brokerage firms, brokerage. Many of the Managed Account Programs may refer accounts to Roxbury who have selected Roxbury as an investment manager. These clients pay the

brokerage or investment consultant firm for its Managed Account Program services a single fee based on a percentage of assets under management. In some Managed Account Programs, brokerage commissions are included in the single fee; in other Managed Account Programs, clients pay brokerage commissions on each transaction. These clients pay Roxbury a separate fee.

The services provided by Roxbury to Wrap Fee Program and smaller sized Managed Account Program accounts generally differ from services provided to other accounts, which are typically larger, in that Roxbury provides a higher degree of client service to its other accounts. For example, Roxbury generally has little, if any, contact with Wrap Fee Program accounts and will not typically service these accounts.

Some of the agreements Roxbury has with Wrap Fee or Managed Account Program Sponsors prohibit Roxbury from continuing to manage a client's account if the client terminates its agreement with the Wrap Fee or Managed Account Sponsor.

2. Roxbury manages the RQS Migration Fund. See also the replies to Items 1D, 3K3, 8D, and 9D and E. Roxbury generally provides investment advice to individuals; pension and profit sharing plans; trusts, estates or charitable organizations; and corporations or business entities other than those listed above.

3. Roxbury offers advice on the following: equity securities: exchange-listed securities, securities traded over-the-counter, and foreign issues; warrants; commercial paper; certificates of deposit; investment company securities; and options contracts on securities. While no longer offering Fixed Income or Balanced strategies, this does not preclude Roxbury offering advice on the following: corporate debt securities (other than commercial paper); mortgage backed securities; municipal securities; and United States Government securities. Roxbury may recommend that clients invest in the RQS Migration Fund or other limited liability companies that invest in securities for which Roxbury acts as investment adviser and/or investment manager. Roxbury may purchase and sell for client accounts securities issued by companies whose assets or whose employee benefit plan assets Roxbury manages for a fee. Roxbury uses the same investment decision-making process to determine whether to purchase, sell or hold securities issued by such companies as it does for other companies.

4(A) Roxbury uses primarily fundamental and technical methods of security analysis, except in quantitative strategies. Roxbury may also use market timing in its investment decisions.

(B) The main sources of information Roxbury uses include inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the Securities and Exchange Commission, company press releases, direct interviews with management and financial newspapers and magazines.

(C) The investment strategies used to implement any investment advice given to clients includes long-term purchases (securities held at least one year) and short-term purchases (securities sold within one year). Short sales, margin transactions, and option writing including covered options, uncovered options or spreading strategies will typically be used only in the RQS Migration Funds, any other accounts managed using the quantitative strategies, and any other limited liability companies that invest in securities that Roxbury manages, or with the approval of a client.

Roxbury does not recommend clients open margin accounts because of the increased risk and volatility margin accounts necessarily involve and the difficulties they present for account investment management. Generally, Roxbury will not accept a client account that is on margin. See also the reply to 1D. However, Roxbury may utilize margin in the management of the RQS Migration Funds or any other private investment company whose assets it may manage.

#### **THE FOLLOWING DESCRIBES THE INVESTMENT PHILOSOPHY, RESEARCH PROCESS, PURCHASE DECISIONS, SELL DISCIPLINE AND INVESTMENT STYLES UTILIZED BY ROXBURY IN MANAGING CLIENT ACCOUNTS.**

#### **THIS INFORMATION SHOULD BE REVIEWED BY A CLIENT BEFORE ENGAGING ROXBURY TO ACT AS INVESTMENT ADVISER AND IS REFERRED TO IN ROXBURY'S CONTRACT WITH CLIENTS.**

#### **EQUITY PORTFOLIOS (NON-QUANTITATIVE STRATEGIES)**

**INVESTMENT PHILOSOPHY.** Roxbury attempts to invest in high quality companies with sustainable competitive advantages primarily located in the U.S. Research is bottom-up; that is, Roxbury primarily focuses on fundamental analysis of companies as opposed to selecting companies based on an analysis of macroeconomic factors. Roxbury aims to select stocks that exhibit consistent earnings growth, superior returns on capital and attractive risk/reward characteristics with close attention paid to valuation. The objective is to select companies that are dominant in their industry and can generate consistent earnings, and cash flow growth in a variety of economic environments. Some Roxbury portfolios may also invest in "special situation" stocks. While such companies don't necessarily exhibit the above characteristics, they have other traits and/or are undergoing positive changes that managers view as attractive and potentially rewarding to shareholders over the long-term.

Roxbury uses several valuation tools to identify stocks with attractive risk/reward characteristics.

**RESEARCH PROCESS.** Roxbury's research staff analyzes a universe of typically over 1,000 companies. Research Analysts and Portfolio Managers search for high

quality companies growing at rates above the market's average. Roxbury evaluates a company's market share, financial statements, ability to price its products, free cash flow, and the strength of its management, as well as other factors.

**PURCHASE DECISIONS.** Final purchase candidates are typically selected by Roxbury's portfolio management teams based on risk/reward characteristics and diversification guidelines. Portfolios are managed similarly, subject to client restrictions and tax considerations. Certain industries may be over or under-weighted based upon Roxbury's assessment of their growth rates or valuation parameters.

**SELL DISCIPLINE.** Roxbury's decision to sell a stock is generally triggered when the risk/reward characteristics of a stock turn negative, company fundamentals deteriorate, the stock reaches its target price, an investment with superior risk/reward is identified, or the stock underperforms the market or its peer group. Roxbury does not use stop losses.

## **CORE EQUITY**

### **Investment Objectives**

The objective of the portfolio is to create wealth through investments in undervalued high quality companies that provide a growing stream of dividends and long-term capital appreciation. Roxbury seeks to produce a total rate of return, net of investment expenses, in excess of the Standard & Poor's 500 Index over a market cycle (approximately 3-5 years).

### **Investment Guidelines**

1. Portfolios are invested in marketable equity securities meeting Roxbury's investment criteria. Portfolios may be invested up to 100% in equity securities or their equivalents including stocks, exchange traded funds, convertible debentures, convertible preferred stocks, warrants, and ADRs.
2. Portfolios hold approximately 40-60 stocks and may invest up to 5% in one issue, at cost. However, Roxbury may deem it appropriate to invest more than 5% in one security when the risk-reward is deemed in our favor. Subsequent to purchase date, situations could exist in which a portion of the portfolio increases or decreases in value such that individual securities could exceed these guidelines. In these situations, Roxbury uses its portfolio management judgment to maintain or reduce these positions.
3. Foreign securities are usually purchased through ADRs or securities listed and traded on major U.S. stock exchanges or NASDAQ.
4. The following investments are not permitted: stock options (except contingent value rights), futures, short sales, private placements, venture capital, non-marketable securities, or instruments typically described as financial derivatives (except in special circumstances approved by the client).

5. Industry sectors are typically  $\pm 15\%$  of the sector weightings of the benchmark.
6. Cash typically represents 2-5% of the portfolio and under normal circumstances does not exceed 15% of the total portfolio. Cash reserves are invested in money market funds available through the custodian or in high quality, liquid securities with a maturity of one year or less.
7. Leverage or borrowing is not employed in the portfolios.
8. At the client's direction, additional investment restrictions or guidelines may apply.

## **FOCUS**

### **Investment Objectives**

The objective of the portfolio is to generate wealth for clients over time through the capital appreciation of high quality stocks. Dividends add in total return but are of secondary consideration. Roxbury also endeavors to outperform its growth manager peer group and growth style benchmarks, such as the Russell 1000 Growth Index, net of investment expenses, over a market cycle (approximately 3-5 years).

### **Investment Guidelines**

1. Portfolios are invested in marketable equity securities meeting Roxbury's investment criteria. Portfolios may be invested 100% in equity securities (stocks, convertible debentures, convertible preferred stocks, warrants, ADRs, or their equivalents).
2. Portfolios hold approximately 15-20 stocks selected from other Roxbury managed portfolios. Approximately 80% of the portfolio holdings are typically from the Roxbury managed Strategic Growth portfolio.
3. A typical investment in any one issue is up to 15%, at cost. Subsequent to a purchase date, situations could exist in which a portion of the portfolio increases or decreases in value such that individual securities could exceed these guidelines. In these situations, Roxbury uses its portfolio management judgment to maintain or reduce these positions.
4. Foreign securities are usually purchased through ADRs or securities listed and traded on major U.S. stock exchanges or NASDAQ.
5. The following investments are not permitted: stock options, futures, short sales, private placements, venture capital, non-marketable securities, or derivatives (except in special circumstances approved by the client).
6. Cash typically represents 2-5% of the portfolio and under normal circumstances does not exceed 20% of the total portfolio. In some rare circumstances, cash may represent up to 30% of the total portfolio for intermediate periods of time. Cash reserves are invested in money market funds available through the custodian or in high quality, liquid securities with a maturity of one year or less.

7. Leverage or borrowing is not employed in the portfolios.
8. At the client's direction, additional investment restrictions or guidelines may apply.

## **HEALTH SCIENCES**

### **Investment Objectives**

The objective of the portfolio is to produce a total rate of return, net of investment expenses, in excess of the Russell 3000 Growth Healthcare Index over a market cycle (approximately 3-5 years).

### **Investment Guidelines**

1. Portfolios are invested in marketable equity securities of companies whose primary business is related to the healthcare or scientific research industries and meet Roxbury's investment criteria. Portfolios may be invested 100% in equity securities (stocks, convertible debentures, convertible preferred stocks, warrants, ADRs, or their equivalents).
2. Portfolios are diversified among approximately 20-50 issues typically with a 10% (at cost, at time of purchase) limit in any one security and no limit on a particular industry sector. A typical initial purchase of individual securities is 2-5% of the market value of the total portfolio. Subsequent to a purchase date, situations could exist in which a portion of the portfolio increases or decreases in value such that individual securities could exceed these guidelines. In these situations, Roxbury uses its portfolio management judgment to maintain or reduce these positions.
3. Foreign securities are usually purchased through ADRs or securities listed and traded on major U.S. stock exchanges or NASDAQ.
4. Cash typically does not exceed 15% of the total portfolio. Cash reserves are invested in money market funds available through the custodian or in high quality, liquid securities with a maturity of one year or less.
5. The following investments are not permitted: stock options, futures, short sales, private placements, venture capital, non-marketable securities, or derivatives (except in special circumstances approved by the client).
6. Leverage is not employed in the portfolios.
7. At the Client's direction, additional investment restrictions or guidelines may apply.

## **MID-CAP VALUE**

### **Investment Objectives**

The objective of the portfolio is to invest in undervalued high quality companies that are expected to provide a growing stream of dividends and potential for long-term capital appreciation. Roxbury seeks to produce a total risk-adjusted rate of return, net of investment expenses, in excess of the Russell Mid-Cap Value Index over a market cycle (approximately 3-5 years).

### **Investment Guidelines**

1. Portfolios are invested in marketable equity securities of companies that Roxbury believes have the financial strength to consistently distribute attractive, growing income streams to shareholders. The focus is on dividend paying, low P/E companies. Not all stocks selected, however, will pay dividends.
2. Portfolios may be invested up to 100% in equity securities or their equivalents including stocks, exchange traded funds, exchange traded limited partnerships, convertible debentures, convertible preferred stocks, warrants, and ADRs.
3. Portfolios are diversified among approximately 35-60 issues with typically a 20% limit (at cost, at time of purchase), in a particular Standard and Poor's industry category. An initial purchase of individual securities generally ranges from 1-5% of the market value of the total portfolio. Subsequent to a purchase date, situations could exist in which a portion of the portfolio increases or decreases in value such that individual securities or specific industry concentrations could exceed these guidelines. In these situations, Roxbury uses its portfolio management judgment to maintain or reduce these positions.
4. Foreign securities are usually purchased through ADRs or securities listed and traded on a major U.S. stock exchange or NASDAQ.
5. Limited Partnerships: The portfolio may invest in exchange traded limited partnerships. Income from a limited partnership may be considered unrelated business taxable income, subjecting an otherwise tax-exempt account to taxes. Investors of exchange traded limited partnerships receive K-1 tax forms that report income earned from those entities. This information is required to be included in the investor's annual tax filings. Clients should consult their accountant or tax attorney for considerations related to their specific circumstances.
6. The following investments are not permitted: stock options (except contingent value rights), futures, short sales, private placements, venture capital, non-marketable securities, or instruments typically described as financial derivatives.
7. Cash typically represents 2-5% of the portfolio and under normal circumstances does not exceed 15% of the total portfolio. Cash reserves are invested in money market funds available through the custodian or in high quality, liquid securities with a maturity of one year or less.
8. Leverage or borrowing is not employed in the portfolios.
9. At the client's direction, additional investment restrictions or guidelines may apply.

## **SMALL-CAP GROWTH (PORTLAND TEAM)**

### **Investment Objective**

The objective of the portfolio is to produce a total rate of

return, net of investment expenses, in excess of the rate of inflation and in excess of the Russell 2000 Growth Index over a market cycle (approximately 3-5 years).

#### **Investment Guidelines**

1. Portfolios are invested in marketable equity securities of companies with capitalization ranges consistent with those of companies in the Russell 2000 Growth and S&P Small-Cap Indices. The equity securities must also meet Roxbury's investment criteria.
2. Portfolios are diversified among up to 100 issues with typically a 5% (at cost, at time of purchase) limit in any one security.
3. Portfolios may be invested 100% in equity securities or their equivalents including stocks, ADRs, options on or securities convertible into the common stock of small-cap companies, options on indices of the common stock of small-cap companies, contracts for either the future delivery or payment in respect of the future market value of certain indices of the common stock of small-cap companies, and options upon such futures contracts.
4. A portion of the portfolio may be invested in publicly traded companies with limited operating histories that may not yet be profitable.
5. Foreign securities are usually purchased through ADRs or securities listed and traded on a major US stock exchange or NASDAQ.
6. Industry sectors are typically  $\pm 15\%$  of the sector weightings of the benchmarks.
7. The following investments are not permitted: venture capital, non-marketable securities, and private placements.
8. Cash typically represents 2-5% of the portfolio and under normal circumstances does not exceed 15% of the total portfolio. Cash reserves are invested in money market funds available through the custodian or in high quality, liquid securities with a maturity of one year or less.
9. Leverage or borrowing is not employed in the portfolios.
10. Portfolios are unrestricted with regard to potential investments unless a client requests exceptions in writing.
11. At the client's direction, additional investment restrictions or guidelines may apply.
12. Turnover is high, with tax efficiency not being a consideration.

#### **SMALL/MID-CAP**

##### **Investment Objectives**

The objective of the portfolio is to produce wealth for clients over time through capital appreciation by investing in quality, profitable businesses exhibiting higher than average growth rates, and which are considered attractively valued. Roxbury seeks to produce a total rate of return, net of investment expenses, in excess of the Russell Mid-Cap Growth Index over a market cycle (approximately 3-5 years).

#### **Investment Guidelines**

1. Portfolios are invested in marketable equity securities of companies with capitalization ranges consistent with those of companies in the S&P Mid-Cap 400 Index or Russell Mid-Cap Index. The equity securities must also meet Roxbury's investment criteria.
2. Portfolios are diversified generally among 35-45 issues with typically a 7% (at market) limit in any one security. An initial purchase of individual securities generally ranges from 1.5-3.5% of the market value of the total portfolio. Subsequent to a purchase date, situations could exist in which a portion of the portfolio increases or declines in value such that individual securities or specific industry concentrations could exceed these guidelines. In these situations, Roxbury uses its portfolio management judgment to maintain or reduce these positions. Sector weightings are generally  $\pm 10\%$  of the sector weightings of the Russell Mid Cap Growth Index.
3. Portfolios may be invested 100% in equity securities or their equivalents including stocks, convertible debentures, convertible preferred stocks, warrants, and ADRs.
4. Foreign securities are usually purchased through ADRs or securities listed and traded on a major U.S. stock exchange or NASDAQ.
5. The following investments are not permitted: stock options, futures, short sales, private placements, venture capital, non-marketable securities, or instruments typically described as financial derivatives.
6. Cash typically represents 2-5% of the portfolio and under normal circumstances does not exceed 15% of the total portfolio. Cash reserves are invested in money market funds available through the custodian or in high quality, liquid securities with a maturity of one year or less.
7. Leverage or borrowing is not employed in the portfolios.
8. At the client's direction, additional investment restrictions or guidelines apply.

#### **STRATEGIC GROWTH (formerly Large-Cap Growth)**

##### **Investment Objectives**

The objective of the portfolio is to generate wealth for clients over time through the capital appreciation of high quality stocks. Dividends add in total return but are of secondary consideration. Roxbury also endeavors to outperform its growth manager peer group and growth style benchmarks such as the Russell 1000 Growth Index, net of investment expenses, over a market cycle (approximately 3-5 years).

##### **Investment Guidelines**

1. Portfolios are invested in marketable equity securities meeting Roxbury's investment criteria. Portfolios may be invested 100% in equity securities (stocks, convertible debentures, convertible preferred stocks, warrants, ADRs, or their equivalents).



2. Portfolios are diversified among approximately 35-50 issues, typically with a 5% (at cost) limit in any one security. However, Roxbury may deem it appropriate to invest more than 5% in one security when the risk-reward is deemed in our favor. Subsequent to a purchase date, situations could exist in which a portion of the portfolio increases or declines in value such that individual securities could exceed these guidelines. In these situations, Roxbury uses its portfolio management judgment to maintain or reduce these positions.
3. Foreign securities are usually purchased through ADRs or securities listed and traded on major U.S. stock exchange or NASDAQ.
4. The following investments are not permitted: stock options, futures, short sales, private placements, venture capital, non-marketable securities, or derivatives (except in special circumstances approved by the client).
5. Industry sectors are typically  $\pm 15\%$  of the sector weightings of the benchmarks.
6. Cash typically represents 2-5% of the portfolio and under normal circumstances does not exceed 15% of the total portfolio. Cash reserves are invested in money market funds available through the custodian or in high quality, liquid securities with a maturity of one year or less.
7. Leverage is not employed in the portfolios.
8. At the client's direction, additional investment restrictions and guidelines may apply.

#### **TAX SENSITIVE**

Non-sub advisor clients may request that the equity portfolios be invested in accordance with a tax-sensitive strategy. To achieve this objective, Roxbury will target long-term holding periods for the equities it purchases for clients. In addition, the portfolio will be managed in accordance with the unique tax considerations communicated by each client, such as the client's cost basis and tax rate. Roxbury may also double its purchases of equities in a client's account and sell the higher cost basis shares 31 days after their purchase in order to take a loss to offset a gain or sell out of a security to generate a loss and repurchase it in 31 days.

### **QUANTITATIVE PRODUCTS**

#### **EQUITY: ALL-CAP INCOME**

##### **Investment Objectives**

The objective of the portfolio is to generate a consistent level of income and secondarily capital appreciation, by investing primarily in dividend-yielding securities identified through Roxbury's proprietary quantitative screening process. The portfolio seeks to generate an average annualized total return of approximately 8% over a full market cycle (approximately 3-5 years).

##### **Investment Guidelines**

1. The portfolio is invested in marketable equity securities meeting Roxbury's investment criteria without regard for market capitalization. Cash holdings are initially very low at the time of initial investment and/or quarterly rebalancing. However, as dividends are received, the cash balance will increase until the next quarterly rebalancing. Given the nature of the quantitative investment strategy, under certain market conditions it is possible, yet highly unlikely, that the portfolio may be invested 100% in equity securities (stocks, convertible debentures, convertible preferred stocks, warrants, ADRs, or their equivalents) or 100% in cash until the next quarterly rebalancing date.
2. The portfolio is typically comprised of 25 to 45 issues but as many as 100 issues subject to prevailing market conditions. The portfolio is rebalanced on a quarterly basis (January, April, July, October) because proprietary research and experience have shown this to be key to achieving the investment objectives. While the portfolio is equally weighted at the time of initial investment and each quarterly rebalancing, situations may subsequently arise which cause a portion of the portfolio to increase or decrease in value such that individual securities deviate from the initial equal weighting. In such situations, Roxbury uses its portfolio management judgment to maintain or reduce affected positions.
3. Foreign securities are usually purchased through ADRs or securities listed and traded on a major U.S. exchange or NASDAQ.
4. Stock options, futures, short sales, private placements, venture capital, non-marketable securities, and derivatives (except in special circumstances approved by the client) are not permitted.
5. Cash reserves are invested in money market funds available through the custodian or in high quality, liquid securities with a maturity of one year or less.
6. Leverage is not employed in the portfolio.
7. Turnover is high and tax efficiency is not an investment consideration.
8. The portfolio is unrestricted with regard to potential investments unless a client requests exceptions in writing.
9. At the client's direction, additional investment restrictions or guidelines may apply.

#### **RQS MIGRATION FUNDS**

##### **Investment Objectives**

The RQS Funds use Roxbury's proprietary quantitative model to identify equity securities which show an above average potential for capital appreciation.

The RQS Migration Funds objective is to generate an annual total return in excess of the broad overall stock market (as defined by the Russell 3000 Index) over a full market cycle

(typically 3-5 years) by investing in the securities generated by the model. Under most market conditions, the portfolio will be invested with 135% of Fund assets held long and 65% held short.

The RQS Beta Neutral Funds objective is to maximize risk adjusted returns while minimizing the correlation with the broad equity markets. The Fund will typically invest in a portfolio of the securities generated by the model in a combination of long and short holdings designed to minimize the beta of the total portfolio.

#### **PRIVATE CLIENT GROUP**

Roxbury may agree to manage certain client accounts based on different objectives and guidelines than are discussed in this section. These portfolios will be managed in accordance with the specific guidelines documented and agreed to by both the client and Roxbury.

#### **MONITORING OF CLIENT PORTFOLIOS.**

All client portfolios are supervised by senior staff and monitored for compliance with investment policies and restrictions agreed to by both Roxbury and the clients.

Roxbury requires that each employee involved in determining investment advice to clients pass a securities examination administered by the Financial Industry Regulatory Authority, Inc., or be a Chartered Financial Analyst or has appropriate experience in the securities industry.

Education and business background of principals and key investment personnel:

**Brian C. Beh:** Born 1962. Education: B.S. Journalism, University of Iowa, Graduate studies in Finance, Rockhurst College. Business: President, CEO, and Member of the Board of Managers, Roxbury Capital Management, LLC, 8/98 to Present; Member and Investor, RQS Migration Funds, 9/07 to Present.

**Jon R. Foust:** Born 1965, Education: B.A. Economics/Psychology, St. Olaf College. Business: Director of Marketing and Client Services, Member of the Board of Managers, Oversight Committee, Roxbury Capital Management LLC, 08/00 to present; Winslow Capital Management, 6/94 to 8/00

**Richard M. Graziadei, CFA:** Born 1967. Education: B.S.F.S. International Economic Theory, Georgetown University; M.B.A. Finance, Anderson School of Business, UCLA Business: Portfolio Manager/Analyst, Roxbury Capital Management, 7/98 to present.

**Alfred J. Lockwood, CFA, CPA:** Born 1963. Education: B.S., Business Administration and Accounting, California State University at Northridge. Business: Member of Board of Managers, Portfolio Manager/Analyst, Roxbury Capital Management, LLC, 8/98 to present.

**Steven N. Marshman, CFA:** Born 1960. Education: B.S. Aerospace Engineering, USAF Academy; M.B.A. Golden Gate University. Business: Portfolio Manager/Analyst, Roxbury Capital Management, LLC, 7/02 to Present; Portfolio Manager, Columbia Management, 1992 to 2002. Retirement in 2009.

**Robert Marvin, CFA, CPA:** Born 1964. Education: B.S. Business, UC Berkeley; M.B.A. Business, Anderson School of Business, UCLA. Business: Portfolio Manager/Analyst, Roxbury Capital Management, LLC, 7/02 to Present; Portfolio Manager, Columbia Management, 1998 to 2002.

**Jay A. Pollitt:** Born 1963, Education: MBA University of Chicago, B.A. Finance and International Business, University of Iowa. Business: Director of Sales, Roxbury Capital Management LLC, 03/98 to present

**John R. Queen, CFA:** Born 1965. Education: B.S. Industrial Management, Purdue University. Business: Chief Operating Officer, Roxbury Capital Management, LLC, 11/01 to present; Portfolio Manager, Merrill Lynch, 2/97 to 9/01.

**Jeffrey A. Sexton, CIMA:** Born 1967. Education: MBA University of Chicago, MA Economics Statecraft, University of Louisville, JD School of Law, University of Louisville, and BS Accounting, University of Kentucky. Business: Portfolio Manager/Analyst, Roxbury Capital Management LLC, 06/07 to present; Member/Investor, RQS Migration Funds, 09/07 to present; Portfolio Manager/Financial Adviser, Morgan Stanley DW Inc., 10/03 to 06/07.

**Brian Smoluch, CFA:** Born 1972. Education: B.S. Finance, University of Virginia, M.B.A. Harvard Business School. Business: Portfolio Manager/Analyst, Roxbury Capital Management, LLC, 7/02 to present; Portfolio Manager, Columbia Management, 1998-2002.

**7A(3)** Roxbury has contracted with Mar Vista Investment Partners, LLC (“Mar Vista”) to subsidize its Strategic Growth, Focus, Core Equity, and Health Sciences strategies. All strategies are co-managed by Mr. Silas A. Myers, CFA and Mr. Brian C. Massey, CFA. Through the contractual agreement, Roxbury provides various administrative, operational, and business services, including trading, marketing, client services, compliance, accounting, and some research to Mar Vista. Messrs. Silas Myers and Brian Massey, the Principals of Mar Vista, were employees of Roxbury Capital and lease office space in the Santa Monica, California headquarters of Roxbury. Roxbury has representation on Mar Vista’s Board of Managers.

**8C(2)** Roxbury is the investment adviser to the Roxbury Small-Cap Growth Fund and the Roxbury All-Cap Fund, open-end investment management companies and is the sub-adviser to the WT Small-Cap Core Fund.

**8(C)(6)** One of Roxbury’s owners, WT Investments, Inc., (“WTI”) has a sister company, Wilmington Trust Company, a Delaware bank that provides trust company and investment

management services. (See the information at the beginning of this Statement). Roxbury and Wilmington Trust Company both intend to offer its clients services provided by the other. Clients who utilize the services of both Roxbury and Wilmington Trust Company would pay a separate fee to each entity. Wilmington Trust Company may refer clients to Roxbury and the Wilmington Trust Company employee making the referral will receive a referral fee of 10% of the first year's annualized fee paid to Roxbury. (See the reply to item #13B.) Similarly, Roxbury may refer clients to Wilmington Trust for custodial or directed trustee services. Any Roxbury employee making such a referral may receive a referral fee of 10% of the first year's annualized fee paid to Wilmington Trust Company.

**8(D)** Roxbury no longer acts as investment adviser to the investment manager for a private investment company (the "Ocean Fund").

**9(B)** Wilmington Trust Company, an affiliate of Roxbury, may serve as custodian or trustee for some of Roxbury's clients. In that capacity, Wilmington Trust Company may invest clients' cash in money market funds managed by Wilmington Trust Company or its affiliates. Wilmington Trust Company charges a separate fee for its services. Roxbury will not receive any fees from Wilmington Trust Company when it acts as custodian or trustee for a Roxbury client accounts except if (a) Roxbury acts as a sub-adviser to Wilmington Trust Company, or (b) Roxbury refers a client to Wilmington Trust company for custodial or directed trustee services, in which case the Roxbury employee making such a referral may receive a referral fee of 10% of the first year's annualized fee received by Wilmington Trust Company.

**9(D) (E)** Roxbury's manner of trading for its clients is such that it typically buys or sells the same securities for many clients for whom such trades are appropriate in light of the client's individual investment objectives. (Such trades are referred to hereinafter as a "Trading Program"). Trading Programs may take as little as a day or as long as a week or more to complete depending upon the availability of the securities at the targeted price range. Trading Programs may be canceled before they are completed for any of several reasons including a change in the price of the security or a change in Roxbury's opinion of the security. Moreover, Trading Programs may become inactive because of the price of the security(ies) or general market activity. In addition, Roxbury also does trades which are not part of a Trading Program ("Incidental Trades") for one or more client accounts, triggered, for example, by a new account being invested for the first time, the addition or withdrawal of funds, or one of Roxbury's portfolio managers "fine-tuning" one or more accounts for any of various reasons. Also, Roxbury may not include certain client portfolios in a Trading Program for a variety of reasons distinctive to that portfolio or a group of similarly managed portfolios. Roxbury may purchase or sell the securities that are the

subject of a Trading Program for these client portfolios after the Trading Program has been substantially completed. (Such trades are also referred to as "Incidental Trades").

### **Code of Ethics**

Roxbury has adopted a Code of Ethics that emphasizes the high standards of conduct that Roxbury has always sought to observe. The Code of Ethics consists of certain core principles included, but not limited to: 1) the interests of clients will be placed ahead of the firm's or any employee's own investment interests; 2) officers and employees will not take inappropriate advantage of their positions; 3) information concerning client investments will be kept confidential; 4) employees will provide professional investment management advice based upon unbiased independent judgment; and 5) officers, directors and employees will act with the utmost integrity. In addition, the Code of Ethics places restrictions on officer and employee personal securities transactions and requires officers and employees to obtain prior approval for most personal securities transactions. It also requires officers and employees to report periodically, with a few minor exceptions set forth in Rule 204A-1 under the Investment Advisers Act, their personal securities transactions and holdings.

Specifically, it is Roxbury's policy not to permit its officers and/or employees or their immediate family members to benefit from trading done for its clients in a manner that would harm clients. Roxbury believes such a policy creates a commonality of interest between the clients and Roxbury's officers and employees. In addition, Roxbury manages, at no charge, accounts of employees and their families. These accounts are treated as any other client account because the employee does not have any decision-making authority with respect to these accounts.

The policy with respect to trading by Roxbury's officers and employees, except for those employee and employee-related accounts that are managed by Roxbury, is as follows. Whenever Roxbury is buying or selling securities for clients as part of an active Trading Program, transactions for Roxbury's officers and employees will come after all transactions have been completed for such clients. However, it is possible that the Roxbury's officers and employees may trade in advance of the initiation of a Trading Program because the portfolio management teams have not yet determined to initiate the Trading Program. As a result of this policy, Roxbury employees and officers may receive more favorable prices for the same securities than other clients on the same day or a day or more in advance of clients, and may take positions contrary to other client positions.

The Watch List contains securities that Roxbury is "closely observing" and "anticipating imminent action in". It is created and posted weekly.

Roxbury's officers and employees may purchase and/or sell securities contrary to active Trading Programs for client portfolios, but generally will not do so until at least five business days after the completion of a Trading Program.

The guidelines for securities transactions for Roxbury officers and employees with respect to client Incidental Trades are as follows: generally, on any given day, purchases and/or sales of the same securities for officers and employees as for client Incidental Trades will come after such purchases and/or sales for client portfolios unless there are sufficient securities or sufficient buyers at the same price to fill the needs of both client portfolios and Roxbury's officers and employees. As a result of this daily trading policy and due to market fluctuations, it is possible that: (1) Roxbury's officers and employees may purchase or sell the same security on the same day as a client portfolio and receive a better price; and (2) Roxbury's officers and employees may purchase or sell the same security as a client portfolio a day or more in advance of the purchase or sale of the security for the client portfolio and receive a better price than the client portfolio receives a day or more later.

From time to time, Roxbury may take positions for certain types of discretionary portfolios that are contrary to positions Roxbury takes for other discretionary portfolios because clients' investment objectives or requirements (such as the need to take tax losses, realize profits, raise cash, diversify, etc.) are different from those of other clients. Similarly, Roxbury may trade client portfolios managed according to one investment style in advance of other client portfolios managed according to a different investment style. Because the RQS Migration Funds are traded using quantitative strategies, they will ordinarily be traded independently of other accounts managed by Roxbury.

Roxbury's Code of Ethics also places restrictions on officer's and employee's outside business activities. This is to eliminate potential conflicts of interest. As some of these business activities may present a perception of a conflict of interest, the activities may be disclosed. As such, the CIO and Chairman of the Board of Roxbury formally serves as a member of one or more investment committees for a private foundation that is also an advisory client of Roxbury.

Roxbury will provide any client or prospective client a copy of the Code of Ethics upon request.

**10.** The minimum account size is generally \$5,000,000 for the Small-Cap Growth strategy and \$1,000,000 for all other strategies, but it may be waived at the discretion of Roxbury's officers. The minimum initial account size for Wrap Fee or Managed Account Program accounts varies by Wrap Fee Sponsor and the Managed Account Program sponsor, but the lowest minimum account size is generally \$100,000 except that the minimum for Wrap Fee or Managed Account Program Equity accounts may be as low as \$50,000 depending upon the Wrap Fee or Managed Account Program. Roxbury retains the right to refuse to accept any account for any reason.

**11A.** Typically, client portfolios with similar investment objectives and managed by the same portfolio manager are reviewed as a group on an on-going basis, formally quarterly, or more often, and will be reviewed as a matter of practice rather than pursuant to a triggering factor.

Roxbury's portfolio managers are responsible for reviewing client portfolios. Administrative personnel support these persons.

**11B.** A report of a client's complete portfolio is generally provided to clients (except clients in Wrap Fee Programs) on a minimum quarterly basis. Personal or telephone reviews with each client are conducted as necessary.

**12A(1) & (2).** Roxbury has discretionary investment authority portfolios, but will work within client investment policy and asset allocation guidelines when it determines such management is feasible. Clients who place restrictions, including restrictions as to types of securities, concentrations, cash balances, and broker selection should recognize that the performance of their accounts may not be representative of the performance of accounts managed with no restrictions.

**12A(3) (4) & 12B.** Roxbury does not have discretionary authority to select the brokerage firm or the commission rates to be paid for the Wrap Fee or Managed Account Program accounts it manages. In addition, some clients direct Roxbury to use a particular broker (i.e., a custodian broker, a Wrap Fee or Managed Account Program broker, a referring broker or simply a broker of the client's personal choice). In all these cases, the client may pay a higher commission or receive smaller discounts than if Roxbury had discretion to choose a broker, or may receive a worse price for a security than other clients for the same security. Roxbury may use step-out trades for aggregated orders for multiple accounts. A step-out trade is one in which Roxbury places the order for a transaction for one or more client accounts with a broker (the "Step-out Broker"), other than the broker that the client has directed Roxbury to utilize (the "Directed Broker"). The Step-out Broker executes the trade for the accounts without any commission because the customer pays it to their directed broker. The Step-out broker will report a net price, which may include a mark-up for executing the transaction.

The brokerage firm shown on the confirmation for a step-out transaction for a client account with a directed broker is not the Step-out Broker, but the Directed Broker. The Directed Broker receives the compensation, if any, shown on the confirmation. This compensation is at whatever commission rate or wrap fee the client has negotiated. Thus, the clients that participate in a step-out transaction may pay different transaction costs. In this manner, the Directed Broker receives the agreed upon commission or wrap fee and the client obtains the execution at a favorable price.

In placing orders for all portfolios for which Roxbury has authority to select the broker, it is Roxbury's policy to attempt to obtain the best net price considering both the execution price and the commission rate paid. Orders of clients are combined when practical in order to obtain a "volume" discount equal to a lower per share commission. Factors involved in trading negotiations include the size,

type, and difficulty of the transaction.

When Roxbury has discretionary authority to select brokerage firms, the selection is typically based upon: (1) general execution capability; (2) operational capability to clear and settle transactions; (3) capital position and risk taking ability; (4) historical trading experience in the stock; (5) integrity of personnel; and (6) quality of research and investment information. As a result of any of the above factors, a client may pay a higher commission than is available from other brokers.

Roxbury monitors its discretionary brokerage allocation to assure that those brokerage firms that provide Roxbury with quality research and investment information receive sufficient brokerage business each year and typically allocates more brokerage to those firms that provide Roxbury with better research and execution capabilities than other firms. When possible, Roxbury deals directly with the firms who make a market in the securities involved except in those circumstances where better prices and execution are available elsewhere. Roxbury may also utilize electronic communications networks to obtain best execution, pay lower commission rates, and place limit orders for client transactions. (See reply to item 13B)

#### **Soft Dollar Arrangements**

At any given point in time, Roxbury may have a soft dollar arrangement with one or more brokerage firms to receive research services whereby over a period of time, Roxbury is required to direct a minimum amount of brokerage commissions from client transactions to the brokerage firm. These arrangements change over time. When Roxbury has soft dollar arrangements with a brokerage firm, it negotiates rates that reflect both the commission rate and the services to be received from the brokerage firm. Clients may direct brokerage commissions generated by their accounts to recapture business and directly benefit their accounts, instead of having Roxbury use these commissions for its benefit to pay for research services.

Only brokerage commissions from certain discretionary client accounts are used to pay for the research services furnished by brokers. However, Roxbury may use these research services to service all of its accounts and not just the accounts whose transactions paid for the research services. Moreover, it is possible that the accounts whose transactions generate brokerage commissions that are used to pay some of Roxbury's research obligations may not benefit in any way from this research. There is a potential conflict of interest in these soft dollar arrangements because Roxbury may have an incentive to trade client accounts in order to pay for research services.

During the fiscal year ending 12/31/2008, Roxbury had soft dollar arrangements, whereby it directed approximately \$840,490 of commissions to brokerage firms. Total brokerage commissions paid by Roxbury pursuant to these arrangements during fiscal year 2008 were approximately 11.6% of the total brokerage commissions charged on a transaction by transaction basis to (a) clients for which

Roxbury had discretion to select the broker for all transactions for the client's account, and (b) clients for which Roxbury had discretion to select the broker for a substantial portion of the transactions for the client's account.

In determining how much of a product or service should be paid with clients commissions and how much Roxbury should pay, Roxbury evaluates how the product or service is being used by each person that uses the product or service, and how many persons are using the product or service. Roxbury utilizes clients commissions to pay for that portion of the product or service that is being used by Roxbury to assist in investment decision-making and/or placing orders for clients transactions with brokerage firms. For example, if one-half of the Roxbury employees who use a product or service use it to assist with investment decision-making and the other half of the Roxbury employees use it for administrative purposes, Roxbury pays for one-half or less of the total cost of the product or service with clients commissions.

#### **Wrap Fee and Managed Account Programs**

Transactions under Wrap Fee and Managed Account Programs are usually effected "net," i.e. without commission and a portion of the single fee is considered to be in place of commissions. (However, some Wrap Fee and Managed Account Programs do not include brokerage as part of the single fee.) Wrap Fee and Managed Account Programs typically require that a specific brokerage firm be used and if trades are placed with another firm, the client will be charged separately for brokerage commissions. Therefore, when the client has entered into an agreement with a Wrap Fee Sponsor or is participating in a Managed Account Program, Roxbury is generally not free to seek best price or execution by placing transactions with other brokers or dealers. While it has been Roxbury's experience that the brokerage firms to which it has been required to direct transactions in Wrap Fee and Managed Account Programs generally can offer the best price for transactions, no assurance can be given that such will continue to be the case in the future. Accordingly, a client may wish to satisfy himself/herself that the brokerage firm offering the Wrap Fee or Managed Account Program can provide adequate price and execution for most or all transactions.

In evaluating Wrap Fee and Managed Account Programs, a client should recognize that Roxbury is not negotiating brokerage commissions on behalf of the client. Further, with a Wrap Fee or Managed Account Program, a client should also consider that, depending upon the level of the single fee charged under a Wrap Fee or Managed Account Program, the package of services provided, the amount of portfolio activity in the account, the value of custodial and portfolio monitoring services, the single fee may be higher or lower than the total cost of all the services the client is receiving were he/she to pay for each service separately.

#### **Aggregation and Allocation of Transactions**

Although each client account is individually managed, Roxbury often will, at any given time, purchase and/or sell the same securities for many accounts. When possible, Roxbury aggregates the same transactions in the same securities for many clients who have the same directed brokerage firm. Similarly, when practical, Roxbury aggregates the same transactions in the same securities for many clients for whom Roxbury has discretion to direct brokerage. Clients in an aggregated transaction each receive the same price per share or unit, but, if they have directed brokerage to a particular broker, they may pay different commissions or may pay or receive a different price. (See the reply to items 12A(3)(4) and 13B). Because some of these aggregated transactions may be placed through an omnibus account at a brokerage firm, some clients, depending upon their custodian arrangements, may never receive a confirmation of their individual transaction at the time of the transaction. Instead, such clients will receive only a monthly or quarterly statement from their custodian showing such individual transactions.

If Roxbury has to place more than one order to fill all orders in an aggregated transaction, each client in the aggregated transaction receives the average price paid in all orders placed for clients in the same aggregate transaction in the same security on that day. If Roxbury is unable to fill an aggregated transaction completely, but receives a partial fill of an aggregated transaction, Roxbury allocates the partially filled transaction pro-rata, random, or based on an equitable rotational system. Consideration is given to investment criteria, size of account, size of allocation, cash availability and other compliance requirements.

Certain clients may not be included in certain aggregated transactions because of cash availability or tax consequences for taxable accounts or other reasons. After Roxbury has determined which accounts are able to participate in an aggregated transaction, typically the rotation is by client custodian with accounts custodied at banks grouped together for rotational purposes, and then allocates on a pro-rata basis within each custodial group unless the size of the fill is such that a pro-rata allocation is not appropriate.

As a result, it is possible in a rapidly changing market that all client portfolios may not receive allocations of a purchase or sale of securities before Roxbury determined to change its action for client portfolios. In such a situation, certain client portfolios may not participate in gains or losses that are made by other client portfolios with similar investment objectives.

Conflicts may arise in the allocation of investment opportunities among accounts that Roxbury advises. Roxbury will seek to allocate investment opportunities believed appropriate for one or more of its accounts equitably and consistent with the best interests of all accounts involved; however, there can be no assurance that a particular investment opportunity will be allocated in any particular manner.

In the course of providing advisory services, Roxbury may simultaneously recommend the sale of a particular

security for one account and the purchase of the same security for another account if such recommendations are consistent with each client's investment objectives and guidelines. Therefore, opportunities may arise for Roxbury to effect "cross" transactions between client accounts. If Roxbury determines that it is more cost effective and in the best interests of clients to cross securities between client accounts, Roxbury, acting as investment advisor and fiduciary to both buyer(s) and seller(s) may effect cross trades between client accounts consistent with its policies and procedures. Effective for transactions occurring after August 17, 2006, the Pension Protection Act (PPA) includes an exemption from ERISA's prohibited transaction rules for cross trading and enables investment advisers to ERISA plans to engage in cross trading if plan assets exceed \$100 million. Cross trading, under pre-Act rules, was prohibited due to ERISA's prohibition against a fiduciary's representing adverse parties in a transaction.

The RQS Migration Funds, due to the high volume of their trades, will typically use only one broker and will not ordinarily participate in aggregated orders.

### **Initial Public Offerings**

Roxbury may, from time to time, be invited by the underwriter or a selling group member to participate in an initial public offering ("IPO"). Often Roxbury is allocated only a small portion of the total IPO offering. It is Roxbury's policy to allocate IPOs only to those accounts that Roxbury considers suitable for such transactions and in accordance with the account's investment objectives and risk tolerance and applicable FINRA rules. Since IPOs typically involve higher risk and higher volatility, generally the only accounts that Roxbury considers suitable for an IPO are the Small/Mid-Cap and Small-Cap Growth institutional accounts, the RQS Migration Funds, and mutual funds. If there are insufficient shares of an IPO to allocate to each of these entities, Roxbury will allocate IPO shares on a pro-rata basis unless the allocation would be too small. In that event, Roxbury will follow a rotation policy to allocate IPOs. The allocation of those IPOs will be on pro-rata basis for eligible accounts. Roxbury does not purchase new issues or shares in a secondary offering for Wrap Fee or Managed Account Program accounts.

In addition, if a client portfolio is custodied at a brokerage firm that is not a selling group member for an initial public offering or secondary offering, such a client portfolio will not be able to participate in the purchase of securities in the offering. If the brokerage firm where the client's portfolio is custodied is a selling group member and an initial public offering or secondary offering is suitable for the client's portfolio, the client may not be able to participate in the purchase of securities in the offering unless the client's individual broker is able and willing to allocate shares in the offering to the client's portfolio.

**13A.** See the reply to 12B and 13B.

**13B.** Roxbury has relationships with many brokers, some of

whom may refer clients to it. Under the terms of its agreements with Wrap Fee Sponsors, the Wrap Fee Sponsors and/or their affiliates, in effect, refer clients who select Roxbury as their investment manager. Similarly, the Managed Account Programs refer clients to Roxbury.

If a client is referred to Roxbury by a broker other than a Wrap Fee or Managed Account Program sponsor and the client wants to retain that broker, Roxbury may direct all of that client's brokerage to the referring broker (a "referring broker"). Clients sometimes use brokers as a custodian of their portfolios in order to avoid bank trust department custodian fees and/or to receive other services such as portfolio monitoring services.

When a client does not select his or her own broker, Roxbury attempts to negotiate commissions. When a client is referred by a broker, Roxbury reviews the commission structure, but does not review the single, flat fee, and depending upon the circumstances, may attempt to negotiate commissions. However, Roxbury has a potential conflict of interest in negotiating commissions with a referring or Managed Account Program broker and limited ability to negotiate commission discounts with a referring or Managed Account Program broker. Roxbury would be in a better position to negotiate commission discounts if clients did not direct brokerage commissions to a particular broker. As a result, Roxbury generally requests that a client negotiate commissions or a single, flat fee with such brokers, or approve agreed upon commission discounts.

Furthermore, Roxbury may not be able to obtain volume discounts or best execution when a referring or Managed Account Program broker is used to execute transactions for a client. When possible, Roxbury blocks the trades of referred or Managed Account Program clients who have requested that their brokerage be directed to the same brokerage firm. However, Roxbury is not able to negotiate volume commission discounts in such situations. Clients who participate in such block trades are charged different commission rates and may pay or receive different prices for securities; some may be paying a single Wrap Fee and others may be paying on a transaction basis. When commissions are charged on a transaction basis, portions of the commissions are allocated to various referring or Managed Account Program individual brokers. As a result, a client with a referring or Managed Account Program broker may pay higher brokerage commissions on securities transactions or receive a worse price for a security than Roxbury might be able to negotiate with another brokerage firm and higher brokerage commissions than Roxbury's other clients pay. See also reply to Question 1D.

Roxbury has written agreements with certain of its employees. Pursuant to each such agreement, Roxbury pays to the employee for specified periods of time specified percentages of the advisory fees paid to Roxbury by clients Roxbury determines to have become clients as a result of the employee's efforts. Whether or not Roxbury is obligated to pay its employees a portion of the fee payable to Roxbury, the client's fee to Roxbury remains the same. Each incentive compensation agreement

complies with Rule 206(4)-3 under the Investment Advisers Act of 1940.

In addition, Roxbury may enter into solicitor's arrangements with several organizations to refer clients to Roxbury in compliance with rule 206(4)-3 under the Investment Advisers Act of 1940. In addition, affiliates of Roxbury may refer clients to Roxbury. (See the reply to items 8C(3) and 8C(6)). Roxbury may enter into additional arrangements in the future.

## **Roxbury Capital Management Privacy Notice**

### **Your Privacy at Roxbury Capital Management**

At Roxbury, keeping client information secure is a top priority. Roxbury is fully committed to protecting your right to privacy. We maintain high standards to protect your personal information, and we will prudently protect that information. Roxbury will not sell or share your personal information or name.

### **Collection of Information**

Roxbury collects nonpublic personal information from you from the following sources: (1) information you provided to us at the time your account was established; (2) information we receive from your professional advisors such as attorneys and accountants; (3) information from nonaffiliated third parties about the transaction we have ordered for you, your account balances and account activity; and (4) correspondence between you and Roxbury or between you and your broker or custodian.

### **Disclosure of Information**

Roxbury discloses nonpublic personal information about you or your accounts to any third party only under the following conditions:

1. We receive your prior consent;
2. We believe the recipient to be your authorized representative, including your attorney or accountant;
3. The recipient is a broker, custodian or other service provider with whom we must share information in order to manage your account properly, or
4. We are required by law to disclose information to the recipient.

Roxbury will only use information about you and your accounts to help us better serve your investment and financial needs, to fulfill our regulatory obligations, to suggest other products and services to you, and to administer our business.

We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your nonpublic personal information and monitor these safeguards, updating them as necessary. We limit access to your personal information to personnel who need such information to provide you with our services and products.

Keeping customer information secure, and using it only as our clients would want us to, is a top priority for Roxbury. Roxbury Capital Management is committed to upholding this policy whether you are a current or former

client.

## **Proxy Voting Policies and Procedures**

### **I. General Principles**

Roxbury Capital Management, LLC (“Roxbury”) recognizes its responsibility to vote proxies in respect of securities owned by a client in the economic best interests of its client and without regard to the interests of Roxbury or any other client of Roxbury.

These Proxy Voting Policies and Procedures (“Policies”) apply to securities held in client accounts in which Roxbury has direct voting authority. The Policies are subject to any proxy voting guideline or direction of a client as long as following the proxy voting guideline or direction is prudent under the circumstances.

Roxbury’s policy is to exercise its proxy voting discretion absent special circumstances and in accordance with the guidelines set forth in the “Proxy Voting Guidelines” below. Any changes to the Proxy Voting Guidelines (“Guidelines”) must be pre-approved in writing by the Proxy Voting Committee (“Committee”).

### **II. Voting Process.**

Roxbury votes all proxies on behalf of a client’s portfolio in fundamentally driven strategies unless a) the client requests in writing that Roxbury not vote, b) the proxies are associated with unsupervised securities, c) the proxies are associated with securities transferred to Roxbury’s management then liquidated, d) the costs of voting the proxies outweigh the benefits, or e) the proxy ballot is not received.

In addition, Roxbury does not vote proxies for some accounts that it manages under agreements it has with certain brokerage consultant firms whereby clients pay a single fee based on a percentage of assets under management for brokerage, custody and Roxbury’s investment management services (“Wrap Fee Agreement”). If Roxbury does not vote the proxies, it may make proxy voting recommendations to the brokerage consultant firm with whom it has a Wrap Fee Agreement and that firm votes the proxies.

Roxbury does not vote proxies for its hedge fund clients.

The Compliance Department (“Compliance”) is responsible for coordinating the voting of proxies received by Roxbury. Compliance will forward proxy proposals to the appropriate industry analyst or portfolio manager.

The analyst or portfolio manager will review the issues to be voted upon, related information, and the research provided by a proxy research service. The proxy research service also provides customized proxy research consistent with Roxbury’s policies for accounts with special vote sensitivities, including Taft Hartley accounts. The analyst or portfolio manager will make a recommendation as to how

the proxy issues should be voted.

The Proxy Voting Committee provides centralized management of the proxy voting process and makes all proxy voting decisions except under special circumstances as noted below. The Committee:

- a) supervises the proxy voting process, including the identification and review of potential material conflicts of interest involving Roxbury and the proxy voting process in respect of securities owned by a client;
- b) determines how to vote proxies relating to issues not covered by these Policies; and
- c) determines when Roxbury may deviate from these Policies.

The Proxy Voting Committee has at least three members at all times. Members of the Committee are comprised of portfolio managers, analysts, one Roxbury and one Mar Vista employee.

The Proxy Voting Committee will review the analyst’s or portfolio manager’s recommendation if it differs from the proxy research firm’s recommendation per our Proxy Voting Guidelines. After review of the recommendation, the proxy will be voted according to the majority vote of the Committee. If a Committee member disagrees with the recommendation of the analyst or portfolio manager, the reasons for the disagreement will be documented. Compliance will keep documents of proxy decisions made by the Committee. Since Roxbury generally considers the quality of a company’s management in making investment decisions, Roxbury regularly votes proxies in accordance with the recommendations of a company’s management if there is no conflict with shareholder value.

Roxbury may determine not to vote proxies in respect of securities of any issuer if it determines it would be in its clients’ overall best interests not to vote. Such determination may apply in respect of all client holdings of the securities or only certain specified clients, as Roxbury deems appropriate under the circumstances. As an example, the Proxy Voting Committee may determine not to vote certain securities positions if, in its judgment, the expense and administrative inconvenience outweigh the benefits to clients of voting the securities.

Roxbury uses a proxy voting agent to ensure that, as much as possible, votable shares get voted and timely reporting is provided for Roxbury and its clients. Compliance submits proxy votes for a portfolio to the proxy voting agent if the custodian of the portfolio’s assets has a relationship with the agent, the custodian sets up the distribution of ballots properly for Roxbury to vote, and the portfolio is set up properly in the proxy voting agent’s system. If Roxbury receives ballots from a source other than the proxy voting agent, Roxbury will try to vote them using other means.

### **III. Conflicts of Interest**



Potential or actual conflicts of interest relating to a particular proxy proposal may be handled in various ways depending on the type and materiality. Depending upon the facts and circumstances of each situation and the requirements of applicable law, options include:

- 1) Voting the proxy in accordance with the voting recommendation of a non-affiliated third party vendor.
- 2) Voting the proxy pursuant to client direction.

Voting the securities of an issuer where the following relationships or circumstances exist is deemed to give rise to a material conflict of interest for purposes of these Policies:

- a) The issuer is a client of Roxbury and Roxbury manages its portfolio or its retirement plan. In such case, Roxbury will obtain an independent, third party opinion and will follow the recommendation of such third party.
- b) The issuer is an entity in which the Roxbury industry analyst or portfolio manager assigned to review the proxy has a relative<sup>a</sup> in management of the issuer or an acquiring company. In such case, the analyst or portfolio manager will not make any vote recommendations and another analyst or portfolio manager will review the proxy. Although the proxy will be re-assigned, the industry analyst or portfolio manager will still be available to answer questions about the issuer from other Proxy Voting Committee members.
- c) The issuer is an entity in which a Proxy Voting Committee member has a relative in management of the issuer or an acquiring company. In such case, the Committee member with the conflict will not vote on the proxy and the alternate member of the Committee will vote instead.
- d) The issuer is an entity in which an officer or director of Roxbury or a relative of any such person is or was an officer, director or employee, or such person or relative otherwise has received more than \$500 annually during Roxbury's last three fiscal years. In such case, Roxbury will obtain an independent, third party opinion and will follow the recommendation of such third party.
- e) The issuer is Wilmington Trust Corporation. Due to Wilmington Trust Corporation's partial ownership of Roxbury, Roxbury would have a conflict of interest in voting proxies on Wilmington's stock; however, as a matter

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<sup>a</sup> For the purposes of these Policies, "relative" includes the following family members: spouse, minor children or stepchildren or children or stepchildren sharing the person's home.

of policy, Roxbury does not purchase shares of Wilmington Trust Corporation for client portfolios.

- f) Another client or prospective client of Roxbury, directly or indirectly, conditions future engagement of Roxbury on voting proxies in respect of any client's securities on a particular matter in a particular way.
- g) Conflict exists between the interests of an employee benefit plan's portfolio and the plan sponsor's interests. In such case, Roxbury will resolve in favor of the plan's portfolio.
- h) Any other circumstance where Roxbury's duty to serve its clients' interests, typically referred to as its "duty of loyalty," could be compromised.

Notwithstanding the foregoing, a conflict of interest described above shall not be considered material for the purposes of these Policies in respect of a specific vote or circumstance if:

- The securities in respect of which Roxbury has the power to vote account for less than 1% of the issuer's outstanding voting securities, but only if: (i) such securities do not represent one of the 10 largest holdings of such issuer's outstanding voting securities and (ii) such securities do not represent more than 2% of the client's holdings with Roxbury.
- The matter to be voted on relates to a restructuring of the terms of existing securities or the issuance of new securities or a similar matter arising out of the holding of securities, other than common equity, in the context of a bankruptcy or threatened bankruptcy of the issuer.

For clients that are registered investment companies ("Funds"), where a material conflict of interest has been identified and the matter is not covered by the Policies, Roxbury will disclose the conflict and the Proxy Voting Committee's determination of the manner in which to vote to the Fund's Board or committee of the Board. The Proxy Voting Committee's determination will take into account only the interests of the Fund, and the Proxy Voting Committee will document the basis for the decision and furnish the documentation to the Fund's Board or committee of the Board.

For clients other than Funds, where a material conflict of interest has been identified and the matter is not covered by the Policies, the Proxy Voting Committee will disclose the conflict to the client and advise the client that its securities will be voted only upon the recommendations of an independent third party.

#### **IV. Recordkeeping and Retention**

Compliance retains records relating to the voting of proxies, including:

- a) a copy of these Policies and any amendments

thereto;

- b) a record of each vote cast by Roxbury on behalf of clients;
- c) a copy of any document created by Roxbury that was material to making a decision on how to vote or that memorialized the basis for that decision;
- d) a copy of each written request for information on how Roxbury voted proxies on behalf of the client, and a copy of any written response by Roxbury to any oral or written request for information on how Roxbury voted.

Roxbury will maintain and preserve these records for such period of time as required to comply with applicable laws and regulations.

Roxbury may rely on proxy statements filed on the SEC's EDGAR system or on proxy statements and records of votes cast by Roxbury maintained by a third party, such as a proxy voting service (provided Roxbury had obtained an undertaking from the third party to provide a copy of the proxy statement or record promptly on request).

#### **V. Client Disclosure**

Roxbury will provide a report of how proxies were voted and copy of its specific guidelines to those clients who request such information. Requests for proxy information may be sent to the attention of the Proxy Department, Roxbury Capital Management, LLC, 100 Wilshire Boulevard, Suite 1000, Santa Monica, California 90401.

#### **VI. Proxy Voting Guidelines**

##### **1. Operational Items**

We support policies that strengthen shareholders' rights in relation to annual and special shareholder meetings, ratification of auditors, maintaining shareholders' ability to vote on transactions, compensation or other general corporate issues that may arise.

##### **2. Board of Directors**

We support policies that allow for strong corporate governance, including a majority of independent board directors, and key committees that are chaired by independent board directors.

We support declassified boards and oppose cumulative voting of stock. We support liability protection for board directors except in cases of gross negligence and fraud, and prefer stock ownership by boards, but do not require it.

##### **3. Executive And Director Compensation**

We support executive and director compensation policies that appropriately align management incentives with creating long-term shareholder value. We consider the salaries, annual bonuses and option/restricted stock programs together in determining the reasonableness of compensation packages. We support salaries that are

consistent with industry standards. We support annual bonuses that require management to achieve key business metrics that are definable, measurable, and are components to increasing shareholder value through sound business policies. We support stock compensation programs that limit the dilution to public shareholders while providing incentive to management and directors to increase shareholder value. We oppose restricted stock programs that do not require management to achieve key business metrics that are definable, measurable, and are components to increasing shareholder value through sound business policies. We oppose accelerated vesting of stock options or restricted stock as a result of short term stock price fluctuations. We oppose retirement and health care plans for non-employee directors. We support employee stock ownership plans (ESOPs) and 401(k) savings plans for employees. We generally oppose golden and tin parachute programs.

#### **4. Proxy Contests**

In a contested election of directors, we take into account the target company's long-term financial performance relative to its industry, management's track record, background to the proxy contest, qualifications of director nominees (both slates), stock ownership positions, and evaluation of what each side is offering shareholders as well as the likelihood that the proposed objectives and goals can be met. We support confidential voting.

#### **5. Anti-Takeover Defenses And Voting Related Issues**

We oppose policies that weaken shareholders' rights in the event of proposed mergers and acquisitions. We oppose poison pills and supermajority voting requirements. We also oppose giving the board of directors exclusive authority to amend the bylaws, and we support proposals to allow or make easier shareholder actions by written consent. We support reasonable proposals for shareholders to call special meetings.

#### **6. Mergers And Corporate Restructurings**

Proposals pertaining to asset purchases or sales, bundled proposals, securities conversions, reorganizations, restructurings, joint ventures, leverage buy-outs, liquidations, mergers and acquisitions, spin-offs, or other such corporate actions are evaluated on a case-by-case basis taking into consideration the terms of the transaction, the proposed benefit to shareholders, and the likelihood of achieving such benefit.

#### **7. State Of Incorporation**

We support reincorporation proposals that are based on sound business reasons and do not infringe upon or weaken shareholders' rights.

#### **8. Capital Structure**

Proposals to change capital structure are evaluated for their impact and ability to strengthen shareholder rights. We oppose creating new classes of stock with different voting

rights. We oppose increasing authorized common stock for the explicit purpose of implementing a shareholder rights plan (poison pill). We oppose increases in common stock that allow for excessive granting of options. We oppose authorizing new classes of stock with unspecified voting, conversion, dividend distribution, and other rights.

## **9. Social And Environmental Issues**

Proposals in this category, initiated primarily by shareholders, typically request that the company disclose or amend certain business practices. We generally believe that these are “ordinary business matters” that are primarily the responsibility of management and should be evaluated and approved solely by the corporation’s board of directors. Many times, such proposals are for items in which the company already makes disclosures and is bound by rules from various existing regulatory or enforcement agencies. Often, proposals may address concerns with which we philosophically agree, but absent a compelling economic impact on shareholder value, we will typically vote with management on these proposals. This reflects our opinion that regardless of our personal perspective on the issue, these decisions should be the province of company management unless they have a significant, tangible impact on the value of our investment and we don’t view management as responsive in the matter.