

Fiduciary Management Associates, LLC

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This brochure provides information about the qualifications and business practices of Fiduciary Management Associates, LLC (“FMA”). If you have any questions about the contents of this brochure, please contact us at 312-930-6850 or via email at cmelcher@fmausa.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

FMA is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about FMA is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 31, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss only specific material changes that are made to the brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

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

Currently, our brochure may be requested by contacting Candice Melcher, Chief Compliance Officer, at 312-930-6850 or cmelcher@fmausa.com.

Additional information about FMA is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with FMA who are registered, or are required to be registered, as investment adviser representatives of FMA.

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Item 4 – Advisory Business

Firm Description and Ownership

Fiduciary Management Associates, LLC (“FMA”) is an independent, employee-owned investment management firm based in Chicago. FMA primarily manages separate account portfolios for a national client base that includes public funds, corporate pension funds, Taft-Hartley funds, charitable organizations, and high net worth individuals. FMA manages portfolios for the following strategies: small cap equity, large cap equity and core fixed income.

FMA was founded in 1980 and from 1986 until 2002, was owned by a prominent asset management company. In December, 2002, Kathryn Vorisek, its chief investment officer, and other senior management executed a buyback of the firm. FMA is owned by Kathryn Vorisek, Senior Managing Director and CIO, as well as other senior members of the FMA management and investment team. Ms. Vorisek is a principal (more than 25%) owner. Approximately two-thirds of the firm’s equity is women and minority owned.

Advisory Services

FMA manages domestic equity and fixed income investment portfolios for separate accounts using discretionary investment powers granted by the client. FMA invests primarily in U.S. exchange-traded securities using long only strategies. Investment management services include portfolio construction and management, trading and commission negotiation, cash flow management and rebalancing, proxy voting, and client reporting. FMA also acts as sub-advisor on a discretionary basis to other financial services institutions, such as banks or mutual funds.

FMA will tailor its investment management services to specific client investment guidelines and restrictions, such as restrictions on investing in certain securities or types of securities. FMA requires that clients provide a written statement of their investment guidelines. As part of its services, FMA provides clients with quarterly reports that show portfolio holdings, performance and market analysis. Clients may request customized reporting and reviews.

FMA does not have authority to take action on clients’ behalf in any legal proceedings, including bankruptcies or class actions, involving securities held in the client’s account or the issuers of these securities. FMA will work with clients and their custodians to provide information or documentation that assists them in filing participation claims.

Assets Under Management

As of March 16, 2011, FMA managed \$1,808,395,000 on a discretionary basis.

Item 5 – Fees and Compensation

The specific manner in which fees are charged by FMA is established in a client's written agreement with FMA. FMA charges a percentage of a client's assets under management for its services. Fee schedules are negotiable depending on specific client account factors and other circumstances, including but not limited to, level of service required, market factors, size of account, and strategy selected. FMA may agree to a fixed-rate fee, performance-based or other type of fee. (FMA requires a minimum annual fee of \$10,000.00, which may be waived in special circumstances.)

Basic Annual Fee Schedules

Small Cap Equity

Account funding below \$25 million:

- 1.00% on the first \$10 million
- 0.75% on the balance

Account funding from \$25 million up to \$50 million:

- 0.85% on the first \$25 million
- 0.65% on the balance

Account funding from \$50 million up to \$100 million:

- 0.75% on the first \$50 million
- 0.65% on the balance

Large Cap Equity

Account funding below \$25 million:

- 0.80% on the first \$10 million
- 0.55% on the balance

Account funding from \$25 million up to \$50 million:

- 0.65% on the first \$25 million
- 0.45% on the balance

Account funding from \$50 million up to \$100 million:

- 0.55% on the first \$50 million
- 0.45% on the balance

Fixed Income

Account funding below \$50 million:

- 0.35% on the first \$25 million
- 0.30% on the balance

Account funding at or above \$50 million:

- 0.30% on the first \$50 million
- 0.25% on the balance

Balanced

Account funding up to \$10 million:

- 1.00 % on the first \$5,000,000
- 0.75% on the balance

Account funding from \$10 million up to \$50 million:

- 0.60% on the first \$25 million
- 0.50% on the balance

Account funding at or above \$50 million:

- 0.55% on the first \$50 million
- 0.45% on the balance

FMA generally invoices clients directly. FMA will accommodate client requests to send FMA's invoice directly to (and receive payment of its fees directly from) the client's custodian. FMA will provide duplicate invoices to clients at the time it bills the custodian. FMA will assist clients in reconciling payment errors, but will not be responsible for errors in payments made by the custodian or loss of income attributable to these errors. FMA recommends that clients who request direct billing arrangements review their custodian account statements for all activity, including deductions for fees, and compare them to FMA's invoices.

FMA invoices fees quarterly in advance, at one fourth of the annual fee rate. FMA's fees are a percentage of assets under management, based on the average month-end market values of the assets during the preceding billing period, as determined by FMA. No fee adjustments are made for contributions or withdrawals. Fees for a partial billing period are prorated based on the number of days in the billing period that the relationship was in effect divided by the total number of days in the billing period. Either the client or FMA may cancel the advisory agreement for any reason with 30 days written notice. Upon termination, any prepaid but unearned fees will be promptly refunded; and any earned but unpaid fees will be due and payable when invoiced.

FMA's fees do not include brokerage commissions, transaction fees, and other related costs and expenses which will be incurred by the client. Clients may incur certain charges imposed by custodians, brokers and other third parties, such as custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to FMA's fee. FMA does not receive any portion of these commissions, fees, and costs.

Pricing of Securities

Generally speaking, FMA client portfolios are invested in exchange traded securities for which market prices are readily available. All securities held in client accounts are priced daily from independent sources. Alternatively, clients may elect to have accounts billed on custodian values.

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

On occasion, at the request of a qualified client, FMA has entered into a performance fee arrangement; such fees are subject to negotiation with each client. FMA will structure any performance fee arrangement in accordance with the Investment Advisers Act of 1940. In measuring clients' assets for the calculation of performance-based fees, FMA includes realized and unrealized capital gains and losses.

Performance based fee arrangements create conflicts of interests, which FMA endeavors to eliminate or mitigate. Performance fees create an incentive for advisers to recommend investments which may be riskier or more speculative than those that would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. FMA has policies and procedures designed to monitor these conflicts including periodic reviews of clients' performance in the same strategy, and reviews and documentation of trade allocations (See Item 12). Additionally, FMA does not have proprietary investment accounts; and none of its employees are compensated on the basis of any client account's performance.

Item 7 – Types of Clients

FMA provides portfolio management services to corporate pension and profit-sharing plans, state and municipal government entities (public funds), multiemployer (Taft-Hartley) plans, high net worth individuals, charitable organizations, banks, registered investment companies, and other U.S. and international institutions.

FMA requires written investment advisory agreements and written investment guidelines for all clients. FMA requires a minimum total account size of \$5,000,000 and a minimum annual fee of \$10,000. FMA may waive these minimums.

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

Investment Strategies

FMA's investment products include the following strategies:

- domestic small cap equity
- domestic large cap equity
- domestic core fixed income

Equity Investment Strategies, Methods of Analysis and Risk of Loss

Investment Strategy/Methods of Analysis

FMA's equity strategies employ a relative value perspective. We invest in sectors and companies that have attractive valuations as well as potential catalysts that we expect will lead to accelerated earnings and cash flow growth. FMA uses both a top-down approach and a company-specific, catalyst-driven philosophy.

FMA uses a macroeconomic approach to identify broad themes that can be exploited through each portfolio's sector allocation and security selection process. The FMA investment team analyzes and evaluates the implications of broad macroeconomic themes, market developments, economic indicators, and sector trends. They evaluate the general level of economic activity, interest rates, core inflation trends, macro growth and profitability, business input costs, and observations made by the sector analysts. This top-down analysis is a central component of sector decisions, strategic positioning, tactical portfolio weightings, and management of implicit and explicit risks.

Company-level research drives performance through stock selection, seeking to identify companies with attractive relative valuations, strong earnings and cash flow growth prospects, healthy balance sheets, and excess cash flow. The selection process begins with a universe of companies with market capitalizations greater than \$1.0 billion for the large cap product, and between \$200 million and \$2.5 billion for the small cap product. Companies with negative forecasted earnings per share, negative book value, significantly low prices, and—in the case of small cap—insufficient liquidity are generally eliminated from the universe.

Analysts use third-party software to screen the universe for companies with relative valuation and potential growth characteristics. Analysts focus on various fundamental factors including a company's ability to drive revenue growth, new product cycles, industry/sector spending dynamics, incremental margins, margin expansion from internal sources, operating and financial leverage, return-on-capital, and prospective earnings growth.

After identifying potential investment candidates, analysts continue the due diligence process, which includes discussions with company managements, formulating earnings and cash flow projections, identifying potential catalysts, gaining a market perspective of forward expectations from both proprietary and third-party resources, and assessing both macro- and company-specific risks for the company under consideration.

FMA's equity valuation methodology uses both historic and current relative valuations to help determine the appropriate value of a stock. Once a company is added to the portfolio, it is dynamically monitored. The product teams continually monitor relative performance, updating price targets as necessary. FMA will liquidate an investment based on several factors, including asset valuation, changes in prospective attributes and the availability of alternative investments with potentially higher returns. FMA generally will not sell a stock merely due to market appreciation above the capitalization range if it believes the company has growth potential.

FMA equity portfolios are primarily invested in U.S. exchange-traded domestic common equity securities. To accommodate client cash flows, FMA may purchase Exchange Traded Funds (ETFs), as described below. Under normal market conditions, FMA does not attempt to time the market and portfolios remain fully invested except as otherwise directed by clients. Investment implementation strategies include long term purchases (securities held at least a year), short term purchases (securities sold within a year), and trading (securities sold within 30 days).

Risk of Loss

Investment in securities involves risk of loss that clients should be prepared to bear. Below are descriptions of the main factors that play a role in an equity portfolio's overall risk profile. FMA manages various investment risks by constructing diversified portfolios, ongoing analysis and review of holdings, maintaining sector diversification and limiting position size. And FMA's consistently applied sell disciplines help reduce price volatility risk.

Active Management Risk

A client's portfolio is subject to management risk because it relies on FMA's ability to pursue the portfolio's goal. FMA will apply investment techniques and risk analyses in making investment decisions for the portfolio, but there can be no guarantee that these will produce the desired results. Notwithstanding its benchmark, the portfolio may buy securities not included in its benchmark or hold securities in different proportions than its benchmark. To the extent the portfolio invests in those securities, its performance depends on FMA's ability to choose securities that perform better than securities that are included in the benchmark.

Equity Securities Risk

Common stocks represent equity ownership in a company. Stock markets are volatile. The price of equity securities will fluctuate, and can decline and reduce the value of a portfolio investing in equities.

Value Investing Risk

Certain equity securities (generally referred to as value securities) are purchased primarily because they are selling at prices below what an adviser believes to be their fundamental value and not necessarily because the issuing companies are expected to experience significant earnings growth. Although FMA does not invest in securities based solely on absolute valuation, its value strategy portfolios bear the risk that the companies that issued these securities may not overcome the adverse business developments or other factors causing their securities to be perceived by FMA to be underpriced or that the market may never come to recognize their fundamental value and the stock may not increase in price, as anticipated. The strategy of investing in value stocks also carries the risk that in certain markets value stocks will underperform growth stocks.

Exchange-Traded Funds (ETFs) Risk

When significant client contributions or withdrawals are made in a portfolio managed by FMA, FMA may invest in exchange traded funds (ETFs) on a temporary basis, as an efficient way to minimize the potential performance impact of these large cash movements. ETFs are a type of investment company whose shares are bought and sold on a securities exchange. An ETF represents a fixed portfolio of securities designed to track a particular market segment or index. ETFs provide the opportunity to temporarily gain exposure to a portion of the market while awaiting an opportunity to purchase the underlying securities directly or transfer assets out of an account. The risks of owning an ETF generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile; and ETFs have management fees which increase their costs. FMA uses only widely traded and highly liquid ETFs that match the investment strategy of the particular portfolio. FMA only uses ETFs as a temporary measure to assist in maintaining appropriate exposure in the selected strategy. Clients must provide written approval for FMA's use of ETFs in their investment management agreement or investment guidelines.

IPOs Risk

When consistent with a client's investment objectives and guidelines, FMA may purchase securities sold in underwritten public offerings for the client's account (sometimes referred to as "deal securities"). In certain cases, these public offerings may constitute over-subscribed offerings in which the offered securities trade, or are expected to trade, at a premium to their offering price upon commencement of secondary market trading. Deal securities, particularly those issued in initial public offerings ("IPOs"), often involve greater volatility and a higher degree of risk relative to other types of securities purchased for client accounts.

Forward Foreign Currency Contracts Risk

For international clients who desire to limit their exposure to currency fluctuations, FMA will use over-the counter (OTC) non-deliverable forward foreign currency contracts to manage currency risk without purchasing securities denominated in that currency. A non-deliverable forward is a transaction that represents an agreement between FMA on behalf of the client's account and a counterparty (usually a commercial bank) to buy or sell a specified (notional) amount of a particular currency at an agreed upon foreign exchange rate on an agreed upon future date. Unlike other currency transactions, there is no physical delivery of the currency on the settlement of the contract. Rather, FMA and the counterparty agree to net the settlement by making a payment in U.S. dollars or other currency that represents any differential between the foreign exchange rate agreed upon at the inception of the agreement and the actual exchange rate on the agreed upon future date. Since FMA generally may only close out a non-deliverable forward with the particular counterparty, there is a risk that the counterparty will default on its obligation to pay under the agreement. While there are remedies for defaults under the agreements, there is no assurance that the counterparties will be able to meet their obligations or that FMA will succeed in pursuing these remedies. The client account assumes the risk that it may be delayed or prevented from obtaining payment owed to it pursuant to these contracts. In addition, where the subject currency exchange rates do not move in the direction or to the extent anticipated, a client's account could sustain losses (or gains) on the transaction. An account's investment in a particular forward transaction will be affected favorably or unfavorably by factors that affect the subject currency, including economic, political and legal developments that impact the applicable country, as well as exchange control regulations of the applicable country.

Small Cap Equity Strategy

The Small Cap Equity Strategy objective is to seek maximum long-term total return. Under normal circumstances, FMA seeks to achieve its investment objective by investing at least 80% of the portfolio in common stocks of domestic companies that are smaller or less established in terms of revenues. At any given time, the account may own a diversified group of stocks in several industries. The strategy invests mainly in common stocks, but it may also invest in exchange traded funds on a temporary basis to manage client cash flows.

Below are descriptions of the main factors that play a role in a small cap equity portfolio's overall risk profile.

High Portfolio Turnover Risk

Small cap strategies generally have a higher portfolio turnover rate (over 100%). This generally involves correspondingly greater brokerage commission expense and additional capital gains tax liabilities. The portfolio turnover rate may vary from year to year, as well as within a year.

Small Company Risk

Stocks of small companies tend to be more volatile than those of large or medium-size companies, and may underperform stocks of either large or medium-size companies over any given period of time. Equity securities risk and liquidity risk may be greater for securities of small companies as compared to mid-cap or large-cap companies. Small-cap companies may have limited product lines or markets, less access to financial resources or less operating experience, or may depend on a few key employees. Stocks of small-cap companies may not be widely known to investors and may be thinly traded or may trade only in certain markets, making it difficult to buy or sell them in large volume.

Generally, FMA only invests in exchange-traded securities for which there is a readily available market. However, there are times when a security traded in FMA's small cap strategy may be deemed to be "illiquid" (that is, it potentially may not be disposed of in the ordinary course of business within 7 days at approximately the value in the portfolio's account.) FMA monitors liquidity daily and limits the amount of such holdings to less than 15% of the total small cap portfolio market value.

Large Cap Equity Strategy

The Large Cap Equity Strategy objective is to seek maximum long-term total return. Under normal circumstances, FMA seeks to achieve its investment objective by investing the portfolio in common stocks of domestic companies that are more established in terms of revenues and have market capitalizations that are at least \$1 billion at the time of initial purchase. There is no maximum market cap constraint. At any given time, the account may own a diversified group of stocks in several industries. The strategy invests mainly in common stocks, but it may also invest in exchange traded funds on a temporary basis to manage client cash flows. (See ETFs description above.)

Large Company Risks

Even a portfolio that invests in high-quality or "blue chip" equity securities, or securities of established companies with large market capitalizations (which generally have strong financial characteristics), can be negatively impacted by poor overall market and economic conditions. Companies with large market capitalizations may also have less growth potential than smaller companies and may be less able to react quickly to changes in the marketplace.

Fixed Income Strategy and Methods of Analysis

FMA's core fixed income objective is long-term appreciation while controlling risk. We employ a traditional methodology using both top-down and bottom-up analysis. The top-down macroeconomic fundamental analysis is combined with an ongoing review of market valuations to assess the current and expected financial and economic trends. Our analysis incorporates current and expected levels of growth, inflationary pressures, fiscal and monetary policy, and other factors that may affect the domestic and international markets.

This forecast incorporates a macro projection for the future levels of interest rates, the slope of the yield curve, and the performance of broad sectors of the market. A relative value methodology is employed across market sectors and within market segments and industries.

FMA uses both internal and external sources of research. We review underlying financials and perform the necessary due diligence to assess creditworthiness of the borrower. We evaluate various technical considerations such as issue size, maturity, coupon, duration, convexity, covenants, call features, seniority status and liquidity. Various quantitative tools combined with fundamental analysis are used to manage overall duration, credit and option risk. Company specific fundamentals, such as management depth and product strengths, are further evaluated from industry conferences and journals as well as periodic meetings with senior management. Initial purchase decisions include price/spread targets relative to its industry/segment. Sell decisions include both nominal and relative credit spread performance.

FMA constructs diversified portfolios of investment grade securities designed to outperform their respective index over a market cycle, while controlling risk. The strategy invests in high quality, U.S. dollar based domestic bonds with a focus on securities that are rated "A" or better by established ratings agencies. Lower rated investment grade securities are purchased periodically based on our macro outlook and valuation levels. Portfolios typically hold 75-100 securities and are well diversified. Portfolios generally include U.S. Government and U.S. Government agency debt issues, corporate bonds, municipal bonds, Asset Backed Securities (ABS), Commercial Mortgage Backed Securities (CMBS) and lower risk collateralized mortgage obligations (CMOs).

Fixed Income Securities Risk

Debt securities of corporate and governmental issuers are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (credit risk). They also may be subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk).

FMA Fixed income portfolios focus on high quality, liquidity, and appropriate diversification, and are composed only of U.S. dollar based securities. FMA manages credit risk through fundamental analysis and ongoing review, maintaining sector diversification and limiting position size. FMA's sell disciplines help reduce some of the price volatility risk.

Option Risk

Also known as prepayment risk, some debt instruments may give the borrower the option to pay the debt off early. The investor's risk that the prepayment option may be exercised and the income stopped is called the option risk. Option risk is driven by the stage of the business cycle, the volatility of the markets, and the slope of the yield curve. FMA manages this risk component through coupon selection, cash flow structure and yield curve analysis.

Credit Ratings Risk

Credit ratings are based largely on the historical financial condition of the issuer. Consequently, the rating assigned to any particular security is not necessarily a reflection of the issuer's current financial condition, which may be better or worse than the rating would indicate. Lower rated obligations involve greater volatility of price and risk of loss. FMA fixed income decisions do not rely on any single credit rating agency and credit rating agencies are only one tool employed in the broader analysis.

Unless otherwise specified in the client's guidelines, FMA's position with regard to fixed income securities ratings is that various gradations, such as a "+" or "-", indicate relative standing within the major ratings categories, and not a deviation from the category itself. It is also FMA's policy to use the fixed income ratings category consistent with the client's selected benchmark, unless otherwise specified in the client's guidelines.

Counterparty Risk

Counterparty risk is the risk that the person or institution with which you have entered a financial contract -- who is a counterparty to the contract -- will default on the obligation and fail to fulfill that side of the contractual agreement. Also known as default risk, counterparty risk is a type of credit risk. Because FMA does not use derivatives or other structured financial instruments and generally trades only in readily marketable, investment grade fixed income securities on a delivery versus purchase basis, fixed income portfolios have limited counterparty exposure as a result of any activity for which FMA has discretion.

Item 9 – Disciplinary Information

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

Item 10 – Other Financial Industry Activities and Affiliations

FMA has no affiliates or related parties other than its owners and employees.

John Hancock Small Company Fund (the “Fund”)

FMA is investment subadviser to the John Hancock Small Company Fund, a small cap equity mutual fund advised by John Hancock Investment Management Services, LLC (“JHIMS”).

FMA sometimes recommends to its clients that they invest in the Fund due to size or other considerations. FMA only makes such recommendations when consistent with its fiduciary duties. In no case does FMA or any of its employees or owners receive any compensation in connection with any recommendation or subsequent purchase or sale of the Fund. Generally, FMA does not recommend to clients or purchase other mutual funds on behalf of clients for their separately managed portfolios.

All fees paid to FMA for investment advisory services are separate and distinct from the fees and expenses charged by the Fund. Fund fees and expenses are described in the Fund's prospectus. FMA receives a subadvisory fee based on assets in the Fund directly from John Hancock Investment Management Services, the Fund's adviser. Although FMA's fee is not paid from Fund assets, FMA does not charge an additional advisory fee to its clients who are invested in the Fund. As such, if a portion of a client's assets are invested in the John Hancock Small Company Fund, FMA will not charge an additional separate advisory fee on those assets.

A client could invest in the Fund directly, without the services of FMA. In that case, the client would not receive the services provided by FMA which are designed, among other things, to assist the client in determining whether the Fund is appropriate based on their objectives. Accordingly, the client should review both the fees charged by the Fund and the fees charged by FMA to fully understand the total amount of fees to be paid and thereby to evaluate the advisory services being provided.

FMA's management of the investments of the Fund gives rise to potential conflicts of interest in connection with the management of separately managed client accounts. For example, FMA could favor the Fund over another account in allocating investment opportunities or trades. FMA has established policies and procedures to monitor that the purchases and sales of securities among similarly managed accounts are fairly and equitably allocated over time. (See Item 12 for disclosure of FMA's trading policies and procedures).

Item 11 – Code of Ethics, Participation in Client Transactions, and Personal Trading

FMA Code of Ethics

FMA has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, insider trading, rumor mongering, and personal securities trading and reporting procedures, among other things. All supervised persons at FMA must acknowledge the terms of the Code of Ethics annually, or as amended, report personal securities transactions quarterly and file a conflicts of interest disclosure annually and upon any changes.

FMA does not maintain any proprietary investment accounts and does not trade securities for itself. However, individuals associated with FMA may buy or sell securities for their personal accounts identical to or different from those purchased for or recommended to clients. In addition, any employee may have an interest or position in a certain security that may also be recommended to a client.

It is the expressed policy of FMA that no employee of FMA shall prefer his or her own interest to that of a client or make personal investment decisions based on the investment decisions made for clients.

Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between FMA and its clients. Additional internal controls have been implemented to address these conflicts of interest:

- FMA requires that all employees must act in accordance with all applicable Federal and State regulations governing registered investment adviser practices.
- FMA requires employee disclosure and reporting of any conflicts of interest to the Chief Compliance Officer.
- Employee personal trading is pre-cleared with FMA's Chief Compliance Officer or other member of the Compliance Committee. Certain trades that present minimal risk of impropriety or are exempted by law do not require pre-clearance or reporting.
- FMA maintains a Restricted List.
- FMA prohibits employees from:
 - Trading in securities held in any Fund managed by FMA;
 - Participating in initial public offerings or secondary offerings;
 - Using or disseminating material non-public information for any reason;
 - Trading on or spreading rumors;
 - Short-term trading of shares of any Fund managed by FMA;
 - Trading shares in any security for which a purchase or sale is pending in, or being considered for, any client account; and
 - Trading in securities on FMA's Restricted List.
- Employees must report personal securities transactions each calendar quarter and an inventory of securities owned each calendar year. (New employees must file an initial securities holdings report.)
- Employees must file a conflicts of interest disclosure annually and upon any material changes. (New employees must file an initial disclosure report.)
- Employees may invest in private placements only with pre-clearance.

FMA's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Candice Melcher, Chief Compliance Officer, at Fiduciary Management Associates, LLC, 55 W. Monroe Street, Suite 2550, Chicago, IL 60603 or cmelcher@fmausa.com.

Other Participation in Client Transactions

The John Hancock Small Company mutual fund (described in Item 10 above) (the "Fund") may trade in the same securities with separately managed client accounts on an aggregated basis when consistent with FMA's obligation of best execution. The Fund is treated in the same manner as other participating accounts, including with regard to commission rates and average price per share allocation.

FMA will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Generally, orders will be allocated as specified in the initial trade order. Any exceptions will be explained on the order. (See also Item 12 below describing FMA's brokerage practices).

FMA does not engage in principal or agency cross securities transactions for client accounts and does not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. FMA does not have any affiliates, including affiliated funds, or affiliated broker dealers. FMA does not maintain any proprietary investment accounts and does not trade securities for itself.

Item 12 – Brokerage Practices

Factors Considered in the Selection of Brokers

FMA defines "best execution" as the consistent application of policy and procedures reasonably designed to achieve trading results that best fit the portfolio manager's objectives under the circumstances, while attempting to minimize the total explicit and implicit costs.

FMA's overriding mandate with regard to brokerage policy is the pursuit of "best execution" of clients' transactions. Accordingly, brokers are selected based on their ability to execute trades and to deliver research products consistent with FMA's investment management objectives.

In selecting brokers, FMA considers the full range and quality of a broker's services, including, among other things, the value of research provided as well as execution capability, commission rates, financial responsibility and responsiveness. The ability of brokers to facilitate transactions in a manner that assists FMA's trading desk in minimizing the implicit costs of transacting (timing, opportunity, and market impact) is a significant factor in determining whether specific trades are done with particular brokers. Factors such as speed, accuracy, responsiveness, financial responsibility, ability and willingness to commit capital, and access to and willingness to use multiple marketplaces are taken into consideration when evaluating execution capabilities.

The selection, budgeting, and allocation of brokerage is a dynamic process within FMA. The Portfolio Managers, Analysts, and Traders review existing relationships, potential additions and deletions, and budgeting on a monthly basis and in greater detail semi-annually. As part of this analysis, they review FMA's institutional investment voting for sell-side research, quantity and quality of analyst meetings, quantity and quality of broker-sponsored analyst meetings, FMA's attendance at broker-sponsored conferences and luncheons, and a qualitative assessment of sales coverage. Broker service levels and execution ability are also reviewed. FMA's commission budget is set and reviewed based on this criteria. FMA will periodically use a broker's services on a trial basis and evaluate them based on the same criteria as current commissioned brokers. FMA's Head Trader evaluates their ability to meet FMA's trading needs through various platforms.

FMA occasionally uses brokers who are affiliated with pension consultants or mutual fund platforms that have recommended or may in the future recommend FMA or the Fund to their clients. This creates a conflict of interest. In all cases, FMA's policy is to select and retain brokers based on the broker's ability to add value to client transactions and is not based on the potential of the broker or broker's affiliate to recommend FMA or the Fund to prospective clients. FMA does not direct brokerage to any broker in exchange for referrals. FMA does not have an affiliate broker-dealer and is not dually registered as a broker-dealer. FMA periodically and systematically evaluates the execution performance of broker-dealers executing client transactions.

Determining Commission Rates

FMA pays commission rates that it believes to be competitive in light of the products and services received by FMA and its clients, including but not limited to: proprietary research, independent / third party research, trading systems, and execution service (including trade execution and settlement). The competitiveness and appropriateness of rates are assessed based on information obtained via industry surveys, documentation in trade journals, comments and filings by regulatory agencies and the exchanges, discussions with peers and service providers, and FMA's experience.

Where FMA has discretion to do so, FMA attempts to negotiate the best possible commission rate under the circumstances. The specific commission rates FMA will pay will depend on such factors as the amount and degree of broker involvement; the difficulty of the trade; execution venue(s); size of the trade; price of the stock being traded; and whether the broker commits capital. Transactions subject to directed brokerage arrangements or soft dollar arrangements generally cause commission rates paid to be higher, but only if FMA determines in good faith that the commission is reasonable in relation to the services provided. (See Soft Dollars sections and Directed Brokerage below.)

Research and Other Soft Dollar Benefits

FMA obtains investment research products and services via both hard dollar and soft dollar arrangements, including commission sharing arrangements, with brokers.

A soft dollar arrangement is one in which a broker provides an adviser with research or other services and products in return for commission dollars paid for executing securities transactions on client accounts, rather than charging a separate fee for the services or products. Under a commission sharing arrangement, a money manager can agree with a broker effecting trades that a portion of the commissions paid be allocated to a “pool” of funds; and the manager can thereafter request that the broker make payments from the pool to other service providers for research services.

In any arrangement that includes soft dollar payments, commission rates are generally higher than rates otherwise available for "execution only" service. SEC regulations under §28(e) of the Securities Exchange Act of 1934 allow and provide a safe harbor under certain conditions for an adviser to pay increased commission rates for research and brokerage services with the commission dollars generated by client account transactions. In determining whether a service or product can be paid with soft dollars, the service or product must provide lawful and appropriate assistance to the adviser in carrying out its investment decision-making responsibilities for its clients. FMA's policy is to use soft dollars only to pay for products and services that come under the SEC's safe harbor, and to do so exclusively via agency transactions.

Types of Research

FMA uses both proprietary and third-party research to assist in the investment-decision making process for the management of its clients' assets. This research may include, but is not limited to, sector, industry, or company specific research reports; economic, political and financial data and analysis; financial publications; computer databases; market data services; and research-oriented computer software and services. In order to receive such research, most brokers informally require FMA to meet minimum annual commission targets to receive proprietary or third party research, or to receive access to additional levels of research services. FMA makes a good faith effort to honor these minimums, but does not guarantee or assume liability for any minimum commission amounts.

Examples of proprietary research include access to company managements, attendance at investment and trading conferences and seminars, maintenance and modeling.

Examples of third-party data providers used in the research process include:

- Thomson One Investment Manager – provides news, pricing, fundamental company and comparative industry data, broker research, and intraday performance attribution
- Reuters Trader Station – provides news, pricing, fundamental, technical and other information regarding securities and indices; provides electronic trading functionality
- Baseline – provides screening capabilities on over 6,000 domestic public companies based on various criteria
- Vestek – provides performance attribution analysis and risk assessment
- Russell – provides portfolio characteristics and risk assessment

- HOLT –provides screening capabilities with particular focus on a company’s ability to generate consistently superior returns on invested capital
- SNL—provides a database of analytical factors for financial services companies
- Bloomberg – provides a database of financial market news, security pricing, fundamental data, valuation and modeling analytics, and comparative security and industry data over multiple asset classes
- SEI Investment Management Services – provides portfolio management, trade order management, trade allocation, trade confirmation/affirmation of broker confirms and portfolio analysis

FMA is sensitive to the fact that our clients’ commission dollars are assets that belong to them. We structure our use of soft dollars such that transactions involving them are often executed with brokers with whom we would and do trade regardless of the soft dollar component. FMA continually tries to minimize costs through diligent research and identification of the most cost effective products and services, application of competitive rates and leveraging of relationships.

FMA firmly believes that our use of soft dollars to obtain cost-effective and incremental products and services used in our investment research and trading processes enhances our ability to generate superior returns. Over time, FMA believes the incremental costs of such products and services are and will continue to be offset by superior investment performance.

If FMA did not use soft dollars to obtain the products and services we do, the explicit component of trading costs (i.e. the commissions) could be lowered. However, we believe that the resulting savings would be offset by our diminished ability to obtain the quality, nature, and quantity of products and services that enable us to generate superior investment ideas and to implement them effectively.

As a relatively small advisor, FMA’s access to resources is more limited than that of larger firms. FMA’s use of soft dollars is a key factor in maintaining lower fee schedules.

Soft Dollar Policies and Procedures

All soft dollar arrangements must be approved by FMA’s Chief Investment Officer, Chief Operating Officer and Chief Compliance Officer. Approval is granted to requests that meet the requirements of the federal securities laws, ERISA, and FMA’s written policy. Arrangements for soft dollar research are structured such that the agreement for the provision of services, including the payment obligations, meets the safe harbor requirements of §28(e) of the Securities Exchange Act of 1934. FMA will not be directly liable to any third party research provider for specific soft dollar commitments.

FMA's decision to obtain research, whether with hard or soft dollars, is based on the quality and value of the research. FMA endeavors to make a good faith determination of the market value of goods and services received under soft dollar arrangements, and will periodically investigate products and services of a similar nature offered by other broker or non-broker providers, to determine that the prices are competitive. FMA endeavors to make a good faith determination of the value of the research product or services in relation to the amount of commissions paid.

Where a product or service obtained through a soft dollar arrangement has a mixed use (i.e., can be considered both research related and administrative), FMA will reasonably allocate the costs according to its use, using estimates as necessary, between the portion that is eligible as research and the portion that is considered administrative. The portion eligible as research will be paid for with discretionary client commissions and the administrative portion, which is not eligible for the § 28(e) safe harbor, will be paid for with FMA's own funds. While the mixed use allocation process itself creates a conflict of interest, FMA makes a good faith effort to determine an appropriate allocation. Allocations must be approved by the CIO, COO and the CCO.

FMA maintains soft dollar arrangements for those research products and services that assist FMA in its investment decision-making process. Research furnished by broker-dealers is generally used in servicing all clients, but is sometimes used in connection with accounts other than those that pay commissions to the broker-dealer providing the research. Generally, commissions are only paid by equity invested accounts; equity accounts also can generate underwriting commissions on "deal securities." Fixed income portfolios generally do not generate commissions, but rather compensate the broker via a "spread", the difference between the bid and ask prices. Additionally, due to client directed brokerage and other factors, certain accounts will benefit disproportionately from the research and other services provided under soft dollar arrangements. FMA does not attempt to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

The specific payment methodology and metrics used to obtain products and services via soft dollar relationships varies among providers and platforms. Third-party research is generally obtained via payment structures that encompass an explicit execution cost beyond which soft dollar credit is earned, such as Commission Sharing Arrangements, cost-plus models, or the application of a ratio to the known cost. Proprietary research is generally provided in exchange for payment of commissions at various levels which in turn enables differentiated amounts and nature of service. In the case of proprietary research, it is not possible for FMA to allocate specific amounts of soft dollar credit to particular accounts beyond the bundled commission paid to a particular broker.

Clients may contact their Client Service Officer at 312-930-6850 to receive a breakdown of total commissions generated on their account by type, including any soft dollar or client recapture program commissions, and the specific brokers used.

Soft Dollars as a Factor in Selecting Brokers and Allocating Brokerage

Because FMA uses soft dollars, FMA has an incentive to select brokers based on FMA's interest in receiving research or other products or services, instead of the client's interest in receiving most favorable execution.

FMA's overriding mandate with regard to brokerage policy is the pursuit of "best execution" of clients' transactions. When one or more brokers is believed capable of providing the best combination of price and execution, FMA may select a broker based on brokerage or research services provided to FMA. FMA's policy requires the trader's decision to select a "soft dollar" broker be secondary to the decision to select a broker who can deliver best execution. FMA benchmarks broker performance and commission rates against third party sources and its own internal comparatives.

FMA sometimes obtains research from entities (or their affiliates) that have recommended or may in the future recommend FMA or the Fund to their clients. In all cases, FMA's decision to obtain research with soft dollars is based on the quality and value of the research and not on that entity's (or its affiliate's) potential to recommend FMA or the Fund to prospective clients.

Directed Brokerage Arrangements

FMA does not recommend, request or require that clients direct FMA to execute transactions through a specified broker.

Clients may instruct FMA in writing to use a specific broker or brokers to execute trades on their accounts. Some clients use a broker as their custodian who requires all trades to be executed with that broker. Both types of arrangements are considered "directed brokerage arrangements" and such brokers are "directed brokers".

Generally, the client and FMA will agree to either a goal or limit on the percentage of account transactions that would be subject to Directed Brokerage, and those goals or limits may be different for different clients depending on the investment strategy, directed brokerage firm(s) to be used, and other factors. FMA generally recommends that no more than 25%-30% of a client's trades be directed. Beyond these limits, FMA believes it can inhibit our ability to obtain "best execution" for a client's transactions, but will consider specific arrangements on a case-by-case basis.

If a client directs 100% of brokerage to a single directed broker (or custodies its account with a broker that requires all trades to be executed with that broker) FMA cannot seek better execution services or prices from other brokers. Under such an arrangement, the client is responsible for monitoring the directed brokers to make sure the account is obtaining best execution and reasonable commission rates.

For all client directed brokerage arrangements, clients should be aware that a disparity may exist between the commissions borne by the client's account and the commissions borne by FMA's other clients' accounts that do not direct FMA to use a particular broker. By instructing FMA to execute transactions on behalf of their account through a directed broker(s), the client may not obtain commission rates and execution as favorable as those that would be obtained if FMA were able to place transactions with other brokers. In addition, clients who have restricted brokerage to particular brokers may have their orders executed after those accounts that do not have such restrictions, and may forego any benefits that FMA might obtain for its other clients through negotiating volume discounts or block (aggregated) trades.

FMA does attempt to use "step outs" where appropriate to accommodate directed brokerage. When appropriate, FMA may aggregate the trades of clients who have requested that their brokerage be directed to the same brokerage firm(s), and/or aggregate those blocks with other trades, generally into the largest trade block(s) possible given the participating accounts and nature of the transaction (see *Step-Out Trades* and *Aggregation of Trades* below). Those clients whose directed brokers will not accept step-outs and clients who specifically prohibit the use of step-outs, may have all or a portion of their trades executed after the completion of orders of clients who do not direct brokerage or who do not prohibit the use of step-outs.

The decision whether to select a transaction for execution as part of the non-directed/step-out block or to execute directly with the directed broker, and the relative timing of the execution(s), is based on the relative size of the trade compared to the average daily volume of the security being traded, the nature of the markets at the time of the trade, and other factors including the discretion of the trader. FMA traders have ultimate discretion as to when a directed brokerage trade will be executed subject to FMA's goal to achieve best execution under the circumstances. FMA periodically reviews trade executions and allocations for directed brokerage clients and compares these to those of non-directed brokerage clients.

Step-Out Trades

FMA uses step-out trades where appropriate and permissible, generally to accommodate directed brokerage transactions at the request of a client. This means that a broker, other than the broker indicated on a client's trade confirmation as having settled and received commission credit (the "credit broker") for a trade, may have actually executed the trade (the "executing broker"). In such cases, the executing broker "steps out" credit for the trade to the credit broker, and does not receive a share of the commissions on that portion of the trade. FMA believes that the use of step-outs enhances its ability to seek "best execution" on all transactions, and improves its ability to meet clients' requests to direct brokerage by allowing FMA to execute block trade transactions with the broker it believes to be appropriate for that particular transaction.

Aggregation of Trades

It is FMA's practice, when appropriate, to aggregate (or "block") multiple orders for the same security in a single transaction for the accounts of several clients in order to seek more advantageous and/or equitable average pricing, lower commissions, execution efficiencies, and other benefits. Generally speaking, FMA believes that aggregating the maximum proportion of individual orders into the largest "block" transaction(s) possible provides the greatest advantage to our clients over time.

FMA generally uses "Step-Outs" to accommodate clients' direction of brokerage while allowing them to participate in the benefits of "block" trading. However, orders for client accounts with directed brokerage mandates that preclude step outs may not be included in a block trade and may be executed separately after the block trade. Ultimate discretion is left to the trader as to when a particular order is executed. Traders generally will attempt to randomly insert these orders based on the trader's experience and view of the market to balance competing client interests, so that no client or client group is favored or disadvantaged over time. On occasion, certain clients may be excluded from block trades due to individual client account restrictions, including directed brokerage, cash restrictions, or asset allocation or rebalancing issues.

Trades for the John Hancock Small Company Fund, which is subadvised by FMA, are also aggregated with other FMA clients' block trades. Refer to discussion in Item 10 above regarding the John Hancock Small Company Fund.

Trade Allocation

When processing an aggregated order, FMA's trading system generates an allocation report specifying the participating client accounts in the applicable investment strategy and how FMA intends to allocate the order among those clients, generally pro rata subject to a ten-share minimum. Except as noted below for partially filled orders and other account specific circumstances, any deviation from a pro rata allocation must be approved by the Chief Compliance Officer. Trade allocation instructions are transmitted to the broker-dealer effecting the transaction on the same day that the trade is executed. If the block trade is filled entirely, it will be allocated among clients according to the guidelines expressed in the trade order. It is FMA's policy that all clients participating in the aggregated execution receive the same execution price, generally average share price. To the extent commission negotiation has been left to FMA, transaction costs are shared pro rata based on each client's participation in the trade. Any allocation of price or transaction costs that deviates from policy must be approved by the Chief Compliance Officer.

It is not always possible or practical to obtain the same price or time of execution for the same security purchased or sold for multiple client accounts. On partially filled aggregated orders, FMA's traders will make good faith judgments as to whether it is appropriate to allocate the completed portion of the trade pro rata over all accounts involved, based on the number of shares specified for each account in the allocation report, or if "selected allocation" is appropriate.

FMA generally will consider making "selected allocations" when the number of shares traded on a particular day is less than 20% of the initial order. Generally, trade allocations are subject to a ten-share minimum which could result in smaller accounts not receiving an allocation in some instances.

Account-specific circumstances may cause traders to modify the initial allocation. Insufficient cash balances, new account funding, significant contributions or withdrawals, account liquidations, minimum position sizes, small lot orders (less than 500 shares), and the need to raise cash for a particular account, among other factors, may result in exceptions to the normal allocation procedure. In any such situations, the reason for the exception to the normal allocation procedure will be documented.

While FMA intends to allocate opportunities to purchase or sell securities among client accounts on an equitable basis, FMA cannot assure equality of treatment among all clients in connection with every trade.

Trade Allocation of IPOs and Other Limited Investment Opportunities

Generally, FMA will allocate such investments on an equitable basis over time to all eligible discretionary client accounts whose investment policies, objectives and risk tolerance are consistent with such securities. FMA does not allocate IPOs on the basis of volume of trades on any particular client's account done with any broker, including the broker allocating the IPO. Therefore, clients may be allocated IPO shares disproportionately greater or lesser in quantity than their share of trading activity, either with the allocating broker or all brokers. IPO allocations are also subject to the ten- share minimum allocation, which may result in small accounts not receiving an allocation.

On partially filled IPO transactions, FMA's traders will make good faith judgments as to whether it is appropriate to prorate the allocation over all accounts involved, based on the number of shares specified for each account in the allocation report, subject to a ten- share minimum allocation, or if "selected allocation" is appropriate. FMA generally will consider making "selected allocations" under certain circumstances similar to those described above for other securities trades.

In certain situations, FMA may, in its best judgment, restrict the allocation of IPOs and other limited investments. FMA is not obligated to participate in any IPO or other limited investment opportunity on behalf of client accounts and is not required to allocate such investments to any particular account. Those clients that have directed FMA to execute and settle their trades through a particular broker will not share in an IPO allocation received by FMA from a broker other than the specific directed broker selected by the client. FMA requires all potentially non-eligible clients to certify that their account is eligible to purchase IPOs in accordance with FINRA Rule 5130 (formerly NASD Rule 2790).

Trade Error Policy

While FMA has policies and procedures in place to minimize the risk of trading errors, FMA recognizes that errors do occur. FMA's policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade discrepancies promptly, document each trade error with appropriate supervisory approval, and maintain a trade error file.

FMA defines the following as Errors to which its Error correction procedures apply:

- Purchase/sale of securities precluded by client's investment objectives or contract
- Purchase/sale of wrong or unintended number of securities
- Purchase/sale of wrong or unintended securities
- Purchase/sale of securities for wrong or unintended account
- Failure to follow specific client directives to purchase/sell/hold securities

For purposes of these procedures, Errors include only trading errors and not administrative or operational errors or errors caused as a result of actions or inactions of any bank, broker or other party other than FMA. Errors also do not include FMA mistakes that are resolved prior to impacting a client account. FMA does delineate responsibility for Errors, and does not consider activity (or lack thereof) conducted in reasonable reliance on communication by and with its clients and their designated agents to be an Error. For example, if FMA conducts trading activity using position and cash balances it reasonably believes to be correct but then learns after completion of that activity that a client has withdrawn funds without providing reasonable prior notification to FMA, FMA will work with the client and custodian to resolve the situation but will not view the events as an Error for which FMA bears responsibility.

In the event a trading Error occurs in a client(s)' account as a result of erroneous action on the part of FMA, FMA will promptly correct the situation; quantify any realized loss to any client account(s) involved; and determine the appropriate method to compensate those client(s) such that any realized loss is mitigated. If an Error occurs in a client(s)' account and results in a gain, the client(s)' account(s) will be allocated the benefit of the gain.

Item 13 – Review of Accounts

Reviews

FMA requires the review of investment advisory accounts on an ongoing basis in connection with its continuous monitoring of overall economic factors as well as monitoring all of the individual securities holdings in client accounts. FMA requires that Client Service Officers review accounts at least quarterly for adherence to investment guidelines. Other factors that may trigger a review of the account are significant asset movements, client requests, consultant requests, and market developments.

Reviewer

Each account is reviewed by the Client Service Officer assigned to the account. Their titles, functions and the number of accounts assigned to each are as follows:

Title	Function	# of Accounts
Managing Director	Marketing & Client Service	21
Senior Director	Client Service & Consultant Relations	23

Reports

FMA issues quarterly written reports to all clients. These reports include a summary of total holdings in each category of assets (i.e., total stocks, total bonds, total cash) as well as a listing of all individual holdings. These reports are supplemented by more expansive presentation reports and/or periodic meetings with clients for a more in-depth discussion of portfolio positions.

Item 14 – Client Referrals and Other Compensation

Please refer to Item 12 above regarding the discussion of FMA’s soft dollar arrangements and Item 10 above regarding the John Hancock Small Company Fund.

FMA does not have any active agreements with third-party solicitors. FMA is required to continue to make payments to one former solicitor pursuant to the terms of a terminated contract, which was applicable to a single client. These payments have no effect on the fees charged by FMA to any client. FMA marketing employees’ compensation could include a bonus, which may be based in part on the growth of the firm’s revenues, assets under management or profitability. FMA does not pay to any employee a commission or other type of compensation directly related to any specific client.

Item 15 – Custody

FMA does not act as custodian and does not have authority to open custodial accounts on behalf of clients. Clients independently select a custodian, who is responsible for the physical custody of the assets of the account; for delivering and receiving payment and securities; for collecting, accounting for, and routing proxy ballots to appropriate parties; for obtaining and verifying the accuracy of, and providing notifications to clients in connection with corporate actions, class actions and other legal notices involving securities in the account; and for the collection of interest, dividends, and other distributions attributable to the assets of the account (collectively, “Custodian Responsibilities”). It is the Client’s responsibility to monitor the activities of its chosen Custodian; FMA will not be responsible if Custodian fails to perform any of its Custodian Responsibilities.

FMA provides quarterly holdings and performance reports; these are not the same as qualified custodian account statements and should not be relied on to show detailed account activity. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. FMA urges clients to review their custodian's statements carefully. Clients who do not receive at least quarterly statements from their custodian or have questions about unusual activity in their accounts or unresolved discrepancies in their FMA billing statements should contact Candice Melcher, Chief Compliance Officer at 312-930-6850 or cmelcher@fmausa.com.

According to SEC Rule 206(4)-2, an adviser is deemed to have "custody" based solely on the ability to debit advisory fees. However, footnote 12 of the Adopting Release states that "an adviser that has 'custody' for purposes of rule 206(4)-2 may not necessarily have custody for other purposes."

This language relates only to the application of SEC rules. It has no bearing on any provisions in FMA's investment advisory agreement regarding custody of client assets.

Item 16 – Investment Discretion

Clients may give FMA full investment discretion to direct transactions in client accounts, subject to reasonable restrictions or limitations. For example, a client may require FMA to purchase securities that are of a certain quality, or market capitalization or restrict FMA from purchasing securities that are not "environmentally friendly." Therefore, subject only to the client's investment guidelines and FMA's obligation to use its discretion in the best interests of its clients, FMA generally has full authority to determine, without prior specific client consent, the securities and amount of securities to be bought or sold, the brokers used and the commission rates paid. Discretionary authority is outlined in the advisory agreement between FMA and the client.

For registered investment companies, FMA's authority to trade securities may also be limited by certain federal securities and tax laws that require other restrictions.

Client investment guidelines and restrictions, including any directed brokerage instructions, must be provided to FMA in writing prior to FMA's management of the assets.

Item 17 – Voting Client Securities

FMA will vote proxies for discretionary client accounts only if directed to do so by the client in writing. Generally, clients are permitted to place reasonable restrictions on FMA's voting authority in the same manner that they may place such restrictions on the actual selection of account securities.

FMA's policy is to vote proxies for portfolio securities consistent with the best economic interests of our clients. Our firm maintains written policies and procedures to monitor that client proxies are voted in the client's best interests, to address material conflicts of interest, and to make appropriate disclosures about our firm's proxy policies and practices. Our policy and practices include making information available to clients about the voting of proxies for their portfolio securities and to maintain required records.

To assist it in its proxy voting responsibilities, FMA has retained Institutional Shareholder Services, Inc. ("ISS"), an independent proxy voting service and a registered investment adviser. ISS is a leading provider of proxy voting and corporate governance services, serving hundreds of institutional clients worldwide.

Although both ISS and FMA take reasonable steps to determine that ISS receives proxy ballots, client custodians are ultimately responsible for collecting and routing proxy ballots. Clients may obtain a copy of FMA's proxy voting policies by contacting Candice Melcher, Chief Compliance Officer, at Fiduciary Management Associates, LLC, 55 W. Monroe St., Suite 2550, Chicago, IL 60603 or cmelcher@fmausa.com. To obtain information on how proxies were voted for your account, clients may contact Robert Oliver at the above address or roliver@fmausa.com.

By retaining an independent third party voting service and using its policies, FMA has significantly reduced the possibility of conflicts of interests between itself and the voting of client proxies. Under circumstances where ISS may have a material conflict of interest or other issue, ISS is instructed to refer proxies to FMA's Proxy Voting Committee for voting or further instructions. If FMA determines that it or any member of the Committee has a material conflict of interest in voting a proxy, the Proxy Voting Committee will disclose the conflict to the affected clients and/or address the voting issue through other appropriate means.

In the case of an ERISA client, where the authority to manage plan assets has been delegated to FMA, FMA has the sole responsibility to vote the client's proxies unless that authority has been reserved to a named fiduciary of the plan. When voting proxies for an ERISA plan, an investment adviser must consider proxies as a plan asset and vote only in the best economic interests of the plan participants, vote consistently among clients, and avoid client voting instructions about voting specific proxies. Where prohibited by law, FMA will avoid client instructions regarding how to vote specific proxies.

Item 18 – Financial Information

FMA is required in this Item to provide you with certain financial information or disclosures about its financial condition. FMA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.