



Form ADV Part 2A

Analytic Investors, LLC

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This brochure provides information about the qualifications and business practices of Analytic Investors, LLC. If you have any questions about the contents of this brochure, please contact us at (800) 618-1872 or compliance@aninvestor.com. The following information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Analytic Investors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Analytic Investors, LLC is a registered investment adviser. However, any reference made in the following pages of being a "registered investment adviser" is not meant to imply any level of skill or training.



Material Changes

As of the last annual Form ADV update for Analytic Investors, LLC, dated March 31, 2011, the following material changes have been made:

The Securities and Exchange Commission adopted amendments to Part 2 of Form ADV effective October 2010. The newly revised Part 2A (the "Brochure") must now include a summary of all material changes since the last annual update.

The Brochure, dated June 30, 2011 included expanded information under the following sections: Advisory Business: Advisory Services Offered by Analytic (beginning on page 4) and Risk of Loss (beginning on page 14). Additionally, Analytic Investors' Form ADV Part 2B: Brochure Supplement is attached and provides information on certain supervised persons.

This Brochure, dated March 30, 2012 includes an amended representative fee schedule for Analytic's low volatility investment strategies, updated assets under management information through December 31, 2011 and new language regarding the firm's trading practices for foreign currency transactions.

In the future, this page will provide clients a summary of all material changes that have been made to the March 30, 2012 Brochure or any other Brochure's dated subsequently thereafter. It will also reference the date of the last annual update of our Brochure.

In the past we have delivered information about our qualifications and business practices to clients at least on 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 December 31st fiscal year-end. We will further provide you with a new Brochure as necessary based upon material changes to existing information or when new material information is added. There will be no charge to you to receive any Brochure.

Currently, our Brochure may be requested by contacting a member of our Compliance Department at (800) 618-1872 or by emailing compliance@aninvestor.com.

Additional information about Analytic Investors is also available via the SEC's web site www.adviserinfo.sec.gov.

Table of Contents

Material Changes.....	2
Advisory Business.....	4
Fees and Compensation	7
Performance-Based Fees and Side-By-Side Management	10
Types of Client.....	11
Methods of Analysis, Investment Strategies and Risk of Loss.....	12
Disciplinary Information.....	17
Other Financial Industry Activities and Affiliations	18
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	21
Brokerage Practices.....	22
Review of Accounts	26
Client Referrals and Other Compensation	27
Custody.....	28
Investment Discretion.....	29
Voting Client Securities	30
Financial Information – Not applicable	31
Part 2A Appendix 1: Wrap Fee Program Brochure – Not Applicable	32
Part 2B: Brochure Supplement	

Advisory Business

Firm Overview

Analytic Investors ("Analytic") was formed in 1970 as Analytic Investment Management. In 1985, the firm was purchased by United Asset Management (UAM). At that time, Analytic Investors became a wholly owned subsidiary of UAM, with a revenue-sharing arrangement between UAM and Analytic. In 1996, Analytic acquired TSA Capital Management and later changed its name to Analytic Investors, Inc.

The firm's subsequent ownership structure was formed in October 2000 when Old Mutual plc purchased UAM. At that time, Analytic Investors became an indirect, wholly owned subsidiary of Old Mutual plc. In order to implement an equity ownership plan, the firm changed its corporate form by merger with and into a newly formed Delaware limited liability company on October 24, 2007. The new LLC assumed all of the assets and liabilities of the California Corporation by operation of law through the merger.

On December 20, 2007, Old Mutual (US) Holdings switched to being a majority owner. The remaining minority owner is Analytic Investors Holding L.P., which owns less than 25%.

Advisory Services Offered by Analytic

Analytic Investors may offer single or multi-strategy investment programs. At present, our business consists primarily of managing investment advisory accounts for large institutional investors, including public and corporate pension plans, commingled investment vehicles, as well as for mutual funds. We provide sub-advisory services for public or private funds. Analytic may serve from time to time as a discretionary or non-discretionary investment adviser to various wrap programs sponsored by third parties. In a wrap program, the client typically pays a flat fee to the sponsor for a variety of services, with the sponsor then compensating us. The specific client fees are set by the sponsor and are disclosed in the applicable agreement between the sponsor and the client. Our fees in such arrangements are negotiated with the plan sponsors and are typically based on a percentage of the net assets under management. Clients in such programs have directed brokerage to a particular broker-dealer (typically the sponsor firm). A client's account is then invested in accordance with the investment guidelines selected by the client. *For further information, wrap clients are referred to the relevant program's disclosure materials and their investment management agreement, as well as to the other relevant portions of our ADV found on Pages 5, 20-21 and 26.*

Analytic provides services utilizing a quantitative (a system of analysis using complex mathematical and statistical modeling, measurement and research) investment approach through which investment recommendations are model driven. This process is supported by extensive proprietary computer code. Analytic has implemented policies and procedures surrounding the development, testing, change control and review of our investment models,

including its code. However, despite these extensive controls it is possible that errors may occur in coding and within the investment process, as is the case with any complex software or data-driven model, and no guarantee or warranty can be provided that any quantitative investment model is completely free of errors. Any such errors could have a negative impact on investment results. We have control procedures in place designed to identify in a timely manner any such errors which would have a material impact on the investment process.

Tailored Services

Analytic offers investment management services guided by various principal strategies that we apply to all current client portfolios. Specific needs may be implemented for a separately managed account upon client request. For commingled fund accounts or public funds, the ability to tailor an individual's needs are not applicable. As for individual client needs in the area of reporting and due diligence, we will make best efforts to meet these individually agreed upon arrangements.

Wrap Fee Programs

Under a "wrap fee" program, clients are not charged separate commissions on each trade so long as the introducing broker executed the trade, and a portion of the "wrap fee" is generally considered as in lieu of commissions. In light of this feature, we consider a client's choice to participate in a wrap fee agreement as being a direction to us to use that broker-dealer. In such cases, trades will typically be executed only with the introducing "wrap fee" broker-dealer. Clients would be responsible for any trades executed with broker-dealers other than the firm that sponsors the wrap program. In certain cases, commissioned accounts may pay a higher rate than "wrap fee" accounts. If we are required to effect transactions with other brokers, the client would bear the cost of commissions in such transactions in addition to the fees paid by the client under the "wrap fee" agreement. Accordingly, a client may wish to satisfy himself/herself that the brokerage firm he/she has chosen can provide the best execution. The client should also consider that, depending on the level of the fee listed in the "wrap fee" agreement, the amount of portfolio activity in the client's account, the value of custodial services and the other aggregate costs of such services if they were to be provided separately, and if we were free to seek best execution of transactions for the client's account whether the client's determination to direct brokerage is in its best interests. *For additional information on trading issues related to client direction of brokerage, please see Page 20 under Brokerage Practices.*

Client Assets

As of December 31, 2011 discretionary assets under management (AUM) totaled \$5,872,949,444. AUM does not include WRAP accounts. In addition, as of December 31, 2011, Analytic managed \$46,284,843 in non-discretionary assets.

Privacy Safeguards

Analytic collects personal information primarily to provide investment management services, communicate information about its products and services and process subscriptions in its



private investment vehicles. Personal information, which may be obtained from discussions with you and documents you may deliver to Analytic, may include your name, address, telephone number, social security number or tax identification number, assets, net worth, income, bank account information and occupation (collectively, "Personal Information").

Analytic permits only authorized individuals, who have been advised as to the proper handling of Client information, and who need to access this information to perform services, to have access to this information. These authorized individuals are required to maintain and protect the confidentiality of Personal Information. Analytic maintains physical, procedural and other safeguards to protect Personal Information.

In order to service your account and process transactions for your account, Analytic may provide Personal Information to its affiliates and to nonaffiliated third party financial service providers that assist Analytic in servicing your account and have a need for such information, such as a broker-dealer or an administrator. In addition, Analytic may share Personal Information with nonaffiliated third party non-financial service providers, in order to process or service Client transactions or products. Any such contract entered into by Analytic will include provisions designed to ensure that the third party will uphold and maintain Analytic privacy standards when handling Personal Information. Analytic may also disclose Personal Information to regulatory authorities as required or permitted by applicable law. Analytic may also provide information about you to outside firms, organizations or individuals at your request, to our attorneys, accountants and auditors and as otherwise permitted by law.

Except as described in this Privacy Notice, Analytic will not use Personal Information for any other purpose unless Analytic describes in advance how such Personal Information will be used and you are given an opportunity to decline approval of such use of your Personal Information.

Business Continuity Plan

Analytic has in place a business continuity plan and is prepared to implement the plan, along with disaster recovery procedures, in the event of an emergency. The plan addresses issues such as who can authorize activation, how staff will be notified which relocation sites will be used, where specific employees will report, what communication, computer and other services will be available, and what steps will be taken if the outage prolongs.

Fees and Compensation

Analytic typically charges an annual fee based on a percentage of the net assets valued at market that are under management. The fee is typically billed in arrears and payable quarterly at the start of the quarter and is negotiable under certain circumstances. We may under certain circumstances participate in most favored nations clauses. A most favored nations clause stipulates that the contracting client receive at least the same, if not lower, fee considerations to similarly situated clients (client type, size of account, investment services provided, etc.) of Analytic.

Some older client relationships may be under historical fee schedules that resulted in lower fees than our current basic fee schedule. Additionally, certain clients may have negotiated a fixed fee component as part of the agreed upon fee schedule. We do not ask or require fees to be paid six or more months in advance. For certain commingled vehicles managed by Analytic, fees (including investment management and performance fees) may be directly deducted by the fund's administrator or trustee. The subscription documentation for each investment vehicle details whether an investor has the ability to opt out of this payment option.

The current representative fee schedules are:

EQUITY BASED PROGRAMS	<u>First \$20 Million</u>	<u>Next \$80 Million</u>	<u>Over \$100 Million</u>	
US Aggressive Equity	0.700%	0.500%	0.400%	
US Core Equity	0.600%	0.400%	0.300%	
US Core Equity Plus	0.700%	0.600%	0.500%	
US Aggressive Equity Plus	0.800%	0.700%	0.600%	
Global Core Equity Plus	0.800%	0.700%	0.600%	
US SMID 130/30 Equity	0.900%	0.800%	0.700%	
US Value Equity	0.600%	0.400%	0.300%	
US Enhanced Equity	0.400%	0.300%	0.200%	
Japan Equity	0.700%	0.500%	0.300%	
	<u>First \$20 Million</u>	<u>Next \$80 Million</u>	<u>Next \$100 Million</u>	<u>Over \$200 Million</u>
US Low Volatility Equity	0.400%	0.3000%	0.200%	0.150%
Global Low Volatility Equity	0.500%	0.400%	0.300%	0.200%

European Low Volatility Equity	0.500%	0.400%	0.300%	0.200%
	<u>First</u> <u>\$50 Million</u>	<u>Over</u> <u>\$50 Million</u>		
US Market Neutral	1.600%	0.800%		
Japanese Equity Market Neutral	1.800%	1.000%		
OPTIONS PROGRAMS	<u>First</u> <u>\$20 Million</u>	<u>Next</u> <u>\$80 Million</u>	<u>Over</u> <u>\$100 Million</u>	
Active Buy/Write	0.500%	0.400%	0.300%	
Passive Buy/Write	0.400%	0.300%	0.200%	
FIXED INCOME PROGRAMS	<u>First</u> <u>\$10 Million</u>	<u>Next</u> <u>\$40 Million</u>	<u>Over</u> <u>\$50 Million</u>	
Short-Term Fixed Income	0.375%	0.250%	0.150%	
Low Duration Plus	0.375%	0.250%	0.150%	
ABSOLUTE RETURN PROGRAMS				
Total Return Volatility	100 bps annual base as a % of notional value, plus 20% of 12-month incremental return over a pre-determined threshold.			
TAA & GTAA PROGRAMS	50-100 bps annual base as a % of notional value (based on account target volatility levels), plus 20% of 12-month incremental return over a pre-determined threshold.			

Analytic Investors may offer multi-strategy investment programs that combine two or more of the above strategies. Fee rates will be determined on a case-by-case basis considering the complexity of the account structure and the investment strategies utilized.

Overlay rates apply to the entire market value of the portfolios made available for overlaying. In addition, we have offered negotiable performance based fees and may continue to do so based on sophisticated client request. Overlay rates apply to accounts where Analytic does not have investment discretion over the entire client portfolio, but we do have authority to trade derivative positions based on the total value of the designated client portfolio.



Please see additional information found on page 10 under Performance Based Fees and Side-by-Side Management.

Analytic Investors provides sub-advisory services to clients of affiliated registered investment advisers and is paid a portion of the advisory fees received by the affiliates for these clients. *Please see Page 16 under Other Financial Industry Activities and Affiliations for a list and addition information regarding our affiliates.*

Upon written notice of termination we will issue a final report and refund to client a pro rata share of any unearned management fees.

Our fees are exclusive of 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, third party investment administrators and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to our fee, and we will not receive any portion of these commissions, fees, and costs. *Please refer to page 20 under the section titled Brokerage Practices for further information on fees or expenses that may incur.*

Compensation

Analytic's compensation structure for employees consists of an industry- competitive base salary (based on independent industry information), and an annual discretionary bonus. Bonus amounts for employees (excluding those in the marketing and client service team) are determined using the following factors: the overall success of the firm in terms of profitability (including revenues); the overall success of the department or team; and an individual's contribution to the team, based on goals established during the performance period. The discretionary bonus pool for members of the marketing and client service team is comprised of a portion of the investment advisory and performance fees received by Analytic. The portion of Analytic fees designated for the marketing and client service pool is set according to a descending scale (subject to a minimum percentage) based on the number of years of the client relationship. Bonus compensation will be determined in compliance with any and all federal, state and local restrictions that apply, including pay-to-play or lobbying regulations.

Performance-Based Fees and Side-by-Side Management

Analytic has offered negotiable performance based fees and may continue to do so based on sophisticated client request. Such fees consist of a fixed base amount and a variable portion based upon investment gains over a specified period. Performance based fees may create an incentive for advisers to make investments that are riskier or more speculative than would be the case in the absence of a performance based fee. To the extent performance targets are realized, compensation may be higher than it otherwise would be. Compensation may be based on unrealized appreciation as well as realized gains in the client's portfolio. There is a potential incentive to favor accounts that pay a performance-based fee.

In managing the potential for conflict inherent in offering performance based fees and side-by-side management of accounts, we utilize a quantitative investment approach (a system of analysis using complex mathematical and statistical modeling, measurement and research) through which investment recommendations are model driven. Client accounts are managed independent of one another in accordance with specific client mandates, restrictions and instructions. Investment decisions and each client account's trade list are determined according to client specific investment guidelines and objectives. *See additional information regarding trade list aggregation on page 21.*

Types of Clients

At present, Analytic's business consists primarily of managing investment advisory accounts for large institutional investors, including public and corporate pension plans, commingled investment vehicles and mutual funds. We may also act in a sub-advisory capacity for a public or private fund.

Our present minimum for separately managed discretionary accounts is \$20 million for single strategy (long-only equity) accounts, \$25 million for overlay accounts and \$50 million for multi-strategy and complex account types. Minimums for wrap programs may vary depending on the program and are included in the relevant wrap program materials. We reserve the right to accept or maintain accounts below any stated minimum dollar values.

Analytic also provides management service for various funds that are only available to qualified investors. The funds may be offered to qualified institutional clients that do not meet the investment minimum for separate accounts (generally less than \$50 million).

Methods of Analysis, Investment Strategies and Risk of Loss

Analytic Investors provides services utilizing a quantitative (a system of analysis using complex mathematical and statistical modeling, measurement and research) investment approach through which investment recommendations are model driven. In providing investment management services, we manage client assets which include long-only and long-short mandates. Client accounts are quantitatively (as defined above) managed independent of one another in accordance with specific client mandates, restrictions and instructions. Given specific constraints of an individual client account and the trade cycle and rotation of trading client accounts, instances may arise when one or more client account holds a long position in a specific security, while one or more client account holds a short position in the same security. These instances may also arise considering benchmark relative investment mandates and the level at which individual client accounts hold a significant overweight or underweight position in an individual security.

Equity Strategies

Analytic's investment team uses a disciplined, yet adaptive quantitative process (as defined above) that analyzes multiple characteristics that impact equity prices. Our approach is systematic in the way we measure the importance of these characteristics, but we are also able to recognize and adapt to changes based on both the business cycle and economic conditions. The team recognizes that the desirability of these characteristics (factors) changes based on the business cycle and economic conditions. As our process is designed to capitalize on the time-varying nature of investor preferences, we are able to consistently and systematically identify attractive relative valuation opportunities. In long-short strategies, we attempt to add value by buying stocks with the most attractive factor profiles and shorting stocks with the least attractive factor profiles, within a set of risk constraints. Performance is therefore driven primarily by the performance of the valuation model and is only minimally affected by market-wide factors.

Low Volatility Equity Strategies

Our primary investment tenet used in these strategies is that there is no material long-run relationship between risk and return in equity markets. Thus, by using Analytic's risk model and creating a low volatility equity portfolio, Analytic can strive to provide market-like returns with considerably less volatility (as defined by standard deviation) than the equity market as a whole, and more downside protection. In addition, Analytic's return forecasting model employs the philosophy that investor preferences change slowly over time with changes in the business and economic cycle, and tend to persist strongly within a cycle. Because of this, Analytic follows a disciplined yet adaptive approach to determine to what extent stock characteristics are going to be rewarded or penalized by the market. Analytic then uses this information to forecast returns for stocks.

Covered Call Strategies

The creation of our proprietary volatility forecasting model in 1970 pre-dates Black Scholes. Analytic's option management platform was developed prior to the start of the CBOE and allows Analytic to calculate an expected return for each option and rank all listed options across all strikes and expirations from most over-priced to most under-priced. Analytic's system can rank options across different underlying assets, strikes and expirations. This information is then used in an optimizer to select the most overpriced option portfolio with the desired beta level and that matches the underlying equity portfolio. Matching the underlying equities is a key part of our risk management process. At the portfolio level, Analytic's investment team monitors position exposures and risk characteristics on a daily basis, in real-time, to ensure that the portfolio is being managed according to guidelines. Daily risk reports, which show sensitivity to market changes, are generated for each account and then reviewed by managers on the investment team. We also set boundaries around total volatility in addition to limits on position exposures.

Global Tactical Asset Allocation (GTAA)

Our GTAA strategy seeks to identify and exploit mispricings in global equity, fixed income and currency markets. Analytic's experienced investment and research team employs a model-driven long/short strategy to capture inefficiencies within asset classes and a tactical overlay to capitalize on mispricing across asset classes. In order to minimize trading costs and achieve maximum market efficiencies, the strategy employs futures and forward contracts and invests in liquid, developed markets.

Total Return Volatility Strategies

Analytic's Total Return Volatility Strategies seek to maximize absolute returns by systematically extracting overpriced volatility from equity index option markets while maintaining a consistent annual volatility. Using a quantitatively disciplined approach (as defined above), the Total Return Volatility investment team intends to produce equity risk premium-like returns while maintaining a structurally low correlation to broadly cited equity, credit, and hedge fund strategy indices

Monitoring

Our investment teams monitor portfolios continuously. Returns and risk are recalculated daily and watched closely. If necessary, portfolios are traded to bring return and risk in line with objectives. In addition, performance evaluation is ongoing to ensure that the sources of value-added are as expected and that risk and cost controls are working as expected. The team constantly engages in research and model improvement, since no model, however robust, can stand the test of time without enhancements from experienced investment professionals. Research ideas may come out of the daily monitoring process or from current events and academic thought. Model enhancements are implemented after rigorous testing and approval by the investment team members.

Risk of Loss

With respect to its services as adviser to institutional clients such as public and corporate pension plans, commingled vehicles and mutual funds, Analytic provides these services on a fully discretionary basis, subject to overall review by the fiduciaries of the client accounts. This authority is subject to specific investment restrictions and requirements of the various accounts, including a client's ability to limit the investment universe of its portfolio. There can be no assurance that we will achieve our investment objective in managing client portfolios. General fluctuations in the market prices of securities may affect the value of the investments held by a client. Instability in the securities markets also may increase the risks and volatility inherent in the investments. Assets may increase or decrease in value due to factors affecting securities markets generally, such as actual or anticipated changes in interest rates, inflationary expectations and other factors.

Investing involves risk of loss that clients should be prepared to bear. These risks may include:

Failure to Achieve Investment Objective

There can be no assurance that a portfolio managed by Analytic will achieve its investment objective. Our assessment of the short-term or long-term prospects of investments may not prove accurate. No assurance can be given that any investment or trading strategy implemented by Analytic on behalf of a client will be successful.

Market Risk

The markets in which client portfolios invest can be subject to a high degree of volatility. The market prices of securities owned by client portfolios may go up or down, sometimes rapidly or unpredictably. Securities may increase or decrease in value due to factors affecting securities markets generally, such as actual or anticipated changes in interest rates, inflationary expectations and other factors.

Equity Securities

Client portfolio's investing in equity securities will be exposed to the risks typically associated with equity investing. These risks include the general risk of broad declines in the global equities markets and specific risks relating to an issuer, such as management performance, financial leverage, financial position, industry problems and reduced demand for the issuer's goods or services.

Investing in Non-US Securities

Investments in issuers located in some countries may entail certain risks. There may be a possibility of nationalization or expropriation of assets, confiscatory taxation, political or financial instability and diplomatic developments that could affect the value of a client portfolio's investments. The value of a client portfolio's assets may be affected favorably or unfavorably by currency exchange rates, currency exchange control regulations, taxes and restrictions or prohibitions on the repatriation of foreign currency. There may be less information publicly available about some issuers. Issuers located in some countries may not be subject to the same accounting, auditing and financial reporting standards and practices as those in the other

countries. The securities of some issuers may be less liquid and at times more volatile than securities of comparable issuers in other countries. Brokerage commissions and other fees may also be higher in some countries than in other countries. Settlement procedures and trade regulations may involve certain risks (such as delay in payment or delivery of securities or in the recovery of the client portfolio's assets) and expenses not present in the settlement of investments in other countries. In addition, legal remedies available to investors in some countries may be more limited than those available to investors in other countries. The laws of some countries may limit a client portfolio's ability to invest in securities of certain issuers located there.

Emerging Market Investments

Investments in emerging market may entail special risks. Emerging market countries typically have economic and political systems that are less fully developed and can be expected to be less stable than those of developed countries. Emerging market countries may have policies that restrict investment by foreigners, and there is a higher risk of government expropriation or nationalization of private property. The possibility of low or nonexistent trading volume in the securities of companies in emerging markets also may result in a lack of liquidity and in price volatility. Issuers in emerging markets typically are subject to a greater degree of change in earnings and business prospects than are companies in more developed markets.

Foreign Currency Risks

In instances where the base currency of a client portfolio does not match the native currency of the client portfolio's holdings, it may be required that any cash in the client portfolio be exchanged back into the local currency. This may result in the risk that changes in foreign exchange rates may reduce the base currency value of a client portfolio's investments.

Restricted and Illiquid Securities

Clients may invest in securities that are illiquid because they are thinly traded, not publicly traded or not registered. We may not readily be able to dispose of such investments and, in some cases, may be contractually prohibited from disposing of such securities for a specified period of time. Such securities can also be difficult to value. These limitations on the liquidity of the investments of client portfolios could prevent or delay a successful sale of such securities, or reduce the amount of proceeds that might otherwise be realized from such securities.

Short sales

Client portfolios engaged in short sale transactions sell a security it does not own (or does not have the right to acquire at no added cost). The client portfolio must borrow the security to make delivery to the buyer. The client portfolio incurs transaction costs, including interest expenses in connection with opening, maintaining and closing short sales. A client portfolio will incur a loss as a result of the short sale if the price of the security increases between the date of the short sale and the date on which the client portfolio replaces the borrowed security, and a client portfolio will realize a gain if the security declines in price between those same dates. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of any premium, dividends or interest the client portfolio is required to pay in connection with the

short sale. Because a client portfolio's loss on a short sale arises from increases in the value of the security sold short, such loss, like the potential increase in price of the security sold short, is theoretically unlimited.

Use of Derivatives

Derivative products are highly specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions.

Derivatives are subject to a number of risks, such as interest rate risk and market risk. They also involve the risk of mispricing or improper valuation, the risk that changes in the value of the derivative may not correlate perfectly with the underlying reference and, in over-the-counter transactions, the risk that the counterparty may not honor its obligation. Derivatives may be highly illiquid and often contain a degree of leverage. Client portfolios could lose more than the principal amount invested in any derivative transaction. Suitable derivative transactions may not be available in all circumstances.

Leverage/Use of Borrowed Funds

The use of borrowed funds to leverage investments will exaggerate the effect on value of any increase or decrease in the market value of the client's portfolio. Money borrowed for purposes of leveraging investments will be subject to interest costs that may or may not be recovered by returns on the securities purchased or other investment positions taken. Client portfolios may also be required to maintain minimum average balances in connection with such borrowing or to pay a commitment or other fee to maintain a line of credit; either of these requirements would increase the cost of borrowing over the stated interest rate.

Counterparty Risk

When entering into certain financial transactions with a counterparty (including over-the-counter transactions and prime brokerage relationships) the client portfolio bears the risk that the counterparty may not honor (or defaults on) its contractual obligations.

Hedging Transactions

Hedging strategies in general are usually intended to limit or reduce investment risk, but can also be expected to limit or reduce the potential for profit. No assurance can be given that if utilized, any particular hedging strategy will be successful.

Turnover and Trading Costs

As actively managing accounts, Analytic may engage in frequent trading of client portfolios leading to increased trading costs when compared to more passive trading strategies. Portfolio turnover considerations will not limit Analytic in deciding whether to buy or sell securities.

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 Analytic or the integrity of our management. We have no information applicable to this Item.

Other Financial Industry Activities and Affiliations

Analytic is a Registered Commodity Trading Adviser with Commodity Futures Trading Commission (CFTC) and a member of National Futures Association (NFA). Additionally, we are registered as a Portfolio Manager with the Alberta Securities Commission (Canada) and the Ontario Securities Commission (Canada), and as a Financial Instruments Firm with the Japan Ministry of Finance. We have received an exemption from registration from the Australian Securities & Investments Commission. We have arrangements that are material to our advisory business or clients with a related person who is one or more of the following: investment company, other investment adviser, insurance company or agency, banking or thrift institution, or entity that creates or packages limited partnerships. The following is a list of these material arrangements:

- We have entered into a sub-advisory agreement with Old Mutual Capital. We will provide portfolio management services to open-end mutual funds advised by Old Mutual Capital, including the Old Mutual Advisor Funds and the Old Mutual Advisor Funds II. Analytic will receive up to 75% of fees received by Old Mutual Capital by these funds.
- We have entered into a sub-advisory agreement with Barrow, Hanley, Mewhinney & Strauss, Inc. (BHMS). We will provide non-discretionary quantitative research and modeling integral to the portfolio management of an investment strategy offered by BHMS. Analytic will receive up to 33.34% of fees received by BHMS for the management of this strategy.
- We may from time to time receive support services and investment seed capital from Old Mutual (US) Holdings, Inc. We do not typically charge a fee for services provided in connection with seed capital provided by Old Mutual (US) Holdings, Inc.
- Analytic serves as investment manager to an unregistered commingled fund organized as a limited liability company where Old Mutual Asset Management Trust Company serves as managing member. As the managing member of the limited liability company, Old Mutual Asset Management Trust Company serves as trustee and provides or contracts for various administrative, accounting and investor support services for the fund, including supervision of investment compliance by Analytic. Old Mutual Asset Management Trust Company is paid fees for providing these services.
- OMAM International, an affiliated investment adviser registered with the U.K. Financial Services Authority, may refer prospective clients to Analytic. Payments of a cash solicitation fee, if any, will be made in compliance with the Investment Advisers Act.

Analytic or a related person is a general partner in a partnership in which clients are solicited to invest in the following:

- We serve as adviser to the Analytic Investment Trust (consisting of the following sub-trusts: Analytic Nippon Market Neutral I, Analytic Nippon Market Neutral II, Analytic Kokusai Equity Plus, Analytic Global Low Volatility I and Analytic Kokusai Low Volatility), an open-end Cayman Islands unit trust. Analytic Nippon Market Neutral I and Analytic Nippon Market Neutral II invest assets primarily in a universe of more than 500 highly liquid securities issued by Japanese companies, which are publicly traded, but may also invest in Japanese equity-related index options, sector options, equity options and other securities and instruments. Analytic Kokusai Equity Plus and Analytic Kokusai Low Volatility invests primarily in stocks comprising the MSCI Kokusai Index, but may also invest publicly traded stocks that are issued by companies that are organized or have their principal place of business in the countries covered by the MSCI Kokusai Index or listed on a securities exchange in such countries and other securities and instruments that have similar levels of liquidity and issued by issuers that are not organized or have their principal place of business in Japan. Analytic Global Low Volatility I invest primarily in stocks traded on exchanges of the countries represented in the MSCI World Index. The investments for these funds are similar to those we invest in for our other accounts, and a potential conflict of interest exists because we may buy and sell securities for both client accounts and the funds. The funds may be offered to qualified institutional clients that do not meet the investment minimum for separate accounts (generally less than \$50 million).
- We are the managing member of and investment adviser to Analytic US Market Neutral, LLC (the "Fund"), a Delaware limited liability company formed for the purpose of investing capital contributed by its members. The Fund currently expects to invest all of its assets primarily in equity securities included in the S&P 500 Index, but may also invest in securities of foreign issuers that are not included in the S&P 500 Index and in U.S. and foreign debt securities of corporate and government issuers. The investments for the Fund are similar to those we invest in for our other accounts, and a potential conflict of interest exists because we may buy and sell securities for both client accounts and the Fund. The Fund may be offered to qualified institutional clients that do not meet the investment minimum for separate accounts (generally less than \$50 million).
- Analytic is adviser to and has control of Analytic Total Return Volatility Fund, Ltd. an exempted limited company formed under the laws of the Cayman Islands. The company invests its assets primarily in derivatives transactions in an effort to capture mispriced volatility in the securities markets. The company will primarily construct a portfolio of exchange traded options including, but not limited to, options on U.S. and global equity indexes, exchange traded funds (ETFs), single name securities, interest rates, currencies and commodities. The company may also purchase and sell 2-year Treasury note futures and/or enter into other futures and options transactions (including, but not limited to, futures and options transactions on the Chicago Board Options Exchange Volatility Index (VIX) and on the S&P 500). Additionally, the company will invest in U.S.

and non-U.S. fixed-income securities that are rated at the time of purchase at least BBB- by at least one nationally recognized rating agency ("NRSRO") such as Moody's Investors Service, Inc., Standard & Poor's Rating Services or Fitch, Inc., or that are of a comparable quality at the time of purchase as determined by the Analytic. The investments for these funds are similar to those we invest in for its other accounts, and a potential conflict of interest exists because we may buy and sell securities for both client accounts and the funds. The funds may be offered to qualified institutional clients that do not meet the investment minimum for separate accounts (generally less than \$50 million).

- Analytic serves as investment manager to unregistered commingled funds organized as limited liability companies where Old Mutual Asset Management Trust Company serves as managing member. The fund investment strategies vary and include investing primarily in equity securities of U.S. and global, large capitalization issuers, similar to those we invest in for its our other accounts, and a potential conflict of interest exists because the Registrant may buy and sell securities for both client accounts and the fund. The funds may be offered to qualified institutional clients that do not meet the investment minimum for separate accounts (generally less than \$50 million).

For information on how Analytic manages the conflict of interest when managing unaffiliated client accounts alongside those where either Analytic or a related party has a financial interest see Performance Fees and Side by Side Management on page 10.

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

Analytic has adopted a Code of Ethics that establishes standards of business conduct for its supervised persons and procedures that require its directors, officers and employees to conduct their affairs, including personal securities transactions, in such a manner as to avoid: 1) serving their own personal interests ahead of clients; 2) taking inappropriate advantage of their position with us; and 3) any actual or potential conflicts of interest or any abuse of their position of trust and responsibility. Clients or prospective clients may request a copy of our Code of Ethics by contacting the Chief Compliance Officer at (800) 618-1872 or compliance@aninvestor.com. The Code of Ethics will be provided free of charge.

From time to time, we may recommend purchase or sale of securities in which we or persons associated with us may have a direct or indirect financial interest. Our policy prohibits officers, directors, or any person associated with us from making any transactions for their own account which might adversely affect the interest of our clients.

The employees, officers and directors may also maintain positions for their respective accounts in securities recommended to clients from time to time and in other securities. Such persons will not purchase or sell such securities for their own account until after such time as determined by Analytic' Compliance Department is in the best interests of the firm's clients. All transactions by employees, officers or directors must be reported to Analytic and are reviewed for compliance with requirements under the Investment Advisory Act of 1940 and our Code of Ethics.

We have no obligation to purchase or sell, or to recommend for purchase or sale, any security or other property with respect to any client which we or our employees or affiliates may purchase or sell for their own account. In addition, we may purchase stocks for one or more clients at the same time that we are selling such stocks short for one or more other clients.

Brokerage Practices

Research and Other Soft Dollar Benefits

Analytic does not engage in payment of research and other soft dollar benefits. We may receive transaction cost analysis data and/or information that may be deemed research from a brokerage firm but generally we are not charged for this nor is this passed on in any form including commissions. However, receiving research is a benefit because we do not have to produce or pay for the research and this does provide incentive to select or recommend a broker-dealer based on our interest in receiving research, rather than on clients' interest in receiving most favorable execution. Research received may not benefit all clients' accounts at all times.

Brokerage for Client Referrals

In determining the abilities of broker-dealers to provide best execution, we consider all relevant factors including the execution capabilities required by the transactions; the ability and willingness of the broker-dealer to facilitate transactions by participating therein for broker-dealers' own accounts; the importance to our clients' portfolios of speed, efficiency or confidentiality; the broker-dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold; and the quality and continuity of services rendered with regard to our clients' other transactions as well as any other factors relevant to the selection of a broker-dealer for particular and related transactions. In determining the abilities of a broker-dealer, we will not consider client referrals or the sale of mutual fund shares.

Directed Brokerage

While we have discretion to select brokers for the execution of trades for most clients' accounts under management, we will allow clients to direct brokerage as long as that broker is deemed to provide competitive price and execution. Client direction requests must be in writing and indicate that the request is properly authorized, in the best interest of and for the exclusive benefit of the client, and subject to seeking best price and execution.

A conflict could potentially arise in deciding when to trade non-directed brokerage accounts relative to brokerage directed accounts that would have otherwise been traded at the same time. To minimize this conflict, when a portfolio manager is trading the same security with multiple brokers due to directed brokerage arrangement, he/she will try to deliver such orders simultaneously to such brokers.

Clients have the option of selecting a brokerage firm to have us direct its orders to. In instances where we have investment discretion, and the client has directed brokerage to a particular broker-dealer, we will direct brokerage to the broker-dealer. In these cases, we will not seek to negotiate commission rates for client accounts, as these rates have been pre-negotiated between the client and the broker-dealer. Analytic Investors is unable to supersede the terms of that agreement. As such, the client may pay higher commission costs, higher prices and transaction costs, since we may not be able to obtain volume discounts that we otherwise would

have had had if not directed to trade through a specific broker-dealer. In addition, the client may be unable to obtain the most favorable price as a result of our inability to aggregate/bunch the trades from this account with other client trades. In general, our portfolio managers will not coordinate with each other with respect to the execution of trades. Also, each of our portfolio managers, when executing client securities transactions with multiple broker-dealers, including non-directed brokerage orders as well as transactions for those which have been directed by clients, will attempt to deliver such orders simultaneously to such brokers. Because we have been directed to use a particular broker, clients directing commissions may not generate returns equal to clients which do not direct commissions. Due to these circumstances, there may be a disparity in commission rates charged to a client who directs us to use a particular broker-dealer. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs.

In instances where we have investment discretion, and the client has directed brokerage to a particular broker-dealer (such as in a wrap program), we will direct brokerage to the broker-dealer. In these cases, we will not seek to negotiate commission rates for client accounts, as these rates have been pre-negotiated between the client and the broker-dealer. Analytic is unable to supersede the terms of that agreement. As such, the client may pay higher commission costs, higher prices and transaction costs, since we may not be able to obtain volume discounts that it otherwise would have had had it not directed us to trade through a specific broker-dealer. In addition, the client may be unable to obtain the most favorable price as a result of our inability to aggregate/bunch the trades from this account with other client trades. In general, our portfolio managers will not coordinate with each other with respect to the execution of trades. Also, each of our portfolio managers, when executing client securities transactions with multiple broker-dealers, including non-directed brokerage orders as well as transactions for those which have been directed by clients, will attempt to deliver such orders simultaneously to such brokers. Because we have been directed to use a particular broker, clients directing commissions may not generate returns equal to clients which do not direct commissions. Due to these circumstances, there may be a disparity in commission rates charged to a client who directs us to use a particular broker-dealer. Clients who direct brokerage should understand that similar brokerage services may be obtained from other broker-dealers at lower costs.

Trade Aggregation

We may group together accounts with similar investment and trading strategies when determining trade cycle and rotation. When making this decision, we may consider timing of cash flows, time since the last rebalance, projected liquidity, and availability of staff and market holidays/closures. Client portfolios will be optimized individually and independently from other accounts according to client directed restrictions and strategy constraints, and a trade list for each account will be generated. Unless directed otherwise by a client (including instructions for directed brokerage), the trade lists from grouped accounts may be aggregated for order execution.

We may aggregate orders of some or all of our accounts, including accounts in which we or our personnel or affiliates may have a beneficial interest. Because of market activity, it may not be possible to obtain the same price or execution on all such trades. When this occurs trades are allocated in a manner we believe is fair and reasonable, taking into consideration our fiduciary duties to all of our clients, and typically involves taking an average of the price and commission. Whenever an average is used, some clients will benefit while others may be disadvantaged. Although in such instance clients will be charged the average price, we will make information regarding the actual transactions available to clients, upon the client's request. In such instances where Analytic is trading the same security with multiple brokers due to directed brokerage arrangements, we will try to deliver such orders simultaneously to brokers.

Foreign Currency Transactions

Clients of Analytic may choose to have foreign currency (FX) transactions effected either through their custodian or through Analytic. Where Analytic has been given authority to effect FX trades for a client, we follow a standard process to effect such transactions. Each client's portfolio will be set on our trading system with a single operating currency (which may not be the same as the reporting currency of the account). Client account trades and flows that occur in currencies other than the operating currency will be converted to the operating currency by processing an FX transaction. Analytic will direct the client's custodian bank to repatriate all income to the operating currency of the account unless directed otherwise by the client. Analytic is permitted to execute FX transactions for a client account with brokers it selects at its discretion for currency management purposes unless directed otherwise by the client. Analytic recognizes that FX transactions may positively or negatively affect trades and does not seek to make currency bets on client accounts it manages. Where a client directs Analytic to use its custodian to repatriate foreign currency in the client's account, the client generally negotiates commission rates on transactions executed through such custodian, and Analytic generally does not evaluate the repatriation services provided to the client.

Trade Errors

Analytic defines a trading error as: i) an error in investment decision-making process (e.g., a violation of a client's investment guidelines, purchases made with unavailable cash, sales made with unavailable securities, etc.); and/or ii) an administrative error made prior to or during the trade's execution (e.g., trader executes the wrong security, or for an incorrect number of shares or units, etc). These policies and procedures do not apply to booking or input errors and trade detail adjustments made post execution unless such errors result in an economic loss to a client.

In the event of a trading error, Analytic will seek to place the client account in the same position as it would have been had there been no error. In the case of an error involving multiple positions for a single account, the impact of error may be measured considering the net impact of the error. In correcting the error Analytic will not use commissions from the account to compensate a broker for absorbing the error; nor will it use a client account to absorb an error in

a different client account. In the event that an error results in a gain to the client account, the amount of that gain will be retained by the client.

Review of Accounts

Accounts, grouped by investment strategies, are reviewed by our investment strategy team, overseen by a Chief Investment Officer. The teams review all accounts within their designated investment strategies frequently as warranted by changing market conditions and as requested by clients. Such review generally takes place no less frequently than monthly, and more frequent reviews are conducted in turbulent markets.

We submit to our clients on a monthly or quarterly basis (at the client's discretion) an investment summary containing a market value list of assets, funds and other properties subject to the investment advisory agreement and a summary of account activity for the relevant monthly or quarterly period.

Client Referrals and Other Compensation

OMAM International, an affiliated investment adviser registered with the U.K. Financial Services Authority, may refer prospective clients to Analytic. Payments of a cash solicitation fee, if any, will be made in compliance with the Investment Advisers Act.

Custody

Analytic does not take physical custody of client assets. Assets are held at independent qualified custodians, chosen by the client. Clients should receive at least quarterly account statements from the broker-dealer, bank or other qualified custodian that holds and maintains client's investment assets. We urge you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Analytic is relying on Rule 206(4)-(2)(b)(3) for purposes of complying with the custody rules with respect to each of the unregistered commingled investment vehicles that we sponsor. We and such investment vehicles will engage the services of an independent auditor to perform an audit of such investment vehicles' annual financial information, so that the commingled investment vehicle will deliver the audited financial statements to the commingled investment vehicles' shareholders/members within 120 days of the commingled investment vehicles' fiscal year end, as required by the offering documents of the commingled investment vehicles and Rule 206(4)-(2)(b)(3).

Investment Discretion

Analytic Investors generally has discretion to determine the securities to be bought or sold and the amount of the securities to be bought and sold. In addition we generally have discretion to determine the broker-dealer and the commission rate to be used for the purchase or sale of securities. In a number of instances, clients have given us specific directions as to which brokers should be employed for all or a portion of that account's trades. Client direction requests must be in writing and indicate that the request is properly authorized, in the best interest of and for the exclusive benefit of the client, and subject to seeking best price and execution. From time to time, a client may instruct us to direct security transactions to a broker or firm of their choosing. Clients who have chosen to direct their business to a particular broker acknowledge that this direction may result in paying higher brokerage commissions or in receiving less favorable prices than might otherwise be possible.

Additionally, client portfolios are managed according to internal strategy constraints, as well as account specific restrictions. In negotiating account specific restrictions, Clients may request investment restrictions that differ from our internal constraints. Any restrictions on managing a portfolio must be mutually agreed to by the Client and Analytic.

Voting Client Securities

Voting authority is generally determined at the time the investment agreement is established. If client allows us to make the voting decision, we will set the account up for proxy service. In instances when the contract is silent, we will generally vote proxies. Client is responsible for informing us if there is a change in instructions.

With respect to proxy voting, we have adopted a proxy voting policy reasonably designed to ensure that we vote proxies in the best interest of clients. We utilize the services of an unaffiliated proxy firm to help manage the proxy voting process and develop guidelines on how individual proxies will be voted. Relying on a proxy service helps us vote in the best interest of clients and insulates our voting decisions from any potential conflicts of interest. If we determine that a potential conflict of interest exists, we will vote the proxy as recommended by the proxy service or take another course of action that, in our opinion, fairly addresses the conflict in the best interest of the client. We will also vote proxies in a certain manner as directed in writing by clients. Items voted contrary to the recommendation of the proxy firm will be reviewed and approved by Analytic's Proxy Committee. Clients may request a copy of our Voting Proxy Policies and Procedures and/or a report on how their individual securities were voted by calling the Proxy Coordinator at (800) 618-1872 or compliance@aninvestor.com. The report will be provided free of charge.

Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about our financial condition. We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to clients, and have not been the subject of a bankruptcy proceeding.

Part 2A Appendix 1: Wrap Fee Program Brochure

Analytic is not a sponsor of wrap fee programs.