

Item 1 – Cover Page

EUROPEAN INVESTORS INC

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This Brochure provides information about the qualifications and business practices of European Investors Inc., (“EII” or the “Firm”). If you have any questions about the contents of this Brochure, please contact Michael Meagher, Chief Compliance Officer, at 212-735-9578. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

EII is a registered Investment Adviser. Registration as an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Investment Adviser provide you with information about which you determine to hire or retain an Investment Adviser.

Additional information about EII is available on the Securities and Exchange’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for EII is 105680.

Item 2 – Material Changes

In July 2011, EII hired Breithorn Capital Management to act as a Sub-Investment Manager for the E.I.I Voyager Fund plc, a Dublin based UCITS IV Fund with. Breithorn has full discretionary investment authority under our agreement and EII receives a fee for the services we perform.

Please contact Michael Meagher, Chief Compliance Officer, at 212-735-9578 to obtain a free copy of our Brochure.

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

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Item 4 – Advisory Business

European Investors Inc. (EII), is an independent registered Investment Adviser providing global real estate securities and fixed income portfolio management services to offshore (non US/Canadian) entities. The Firm is owned by EII Holding Company, Inc., which is majority owned by EII's President and Co-founder Christian Lange. The Firm maintains offices in New York City, Amsterdam, Munich and Singapore. As of December 31, 2011 EII managed \$2,375,658,581 on a discretionary basis and \$84,775,883 on a non-discretionary basis.

EII was founded in 1983 and is one of six affiliated companies that are wholly owned subsidiaries of EII Holding Company: 1) EII Realty Securities, Inc. is a registered Investment Adviser providing global real estate securities portfolio management services to US and Canadian institutions 2) EII Realty Corp is our private real estate advisory company 3) EII (Singapore) PTE. LTD was established as our Asian research base 4) EII (Netherlands) B.V. was established as our European research base and 5) EII Deutschland AG was established as a European sales and client service office.

EII focuses on investing in both U.S. and non-U.S. companies whose business is to own, operate, develop and manage real estate. The primary emphasis is on real estate investment trusts ("REITs") or REIT-like structures that are "principally engaged" in the ownership, construction, management, financing, or sale of residential, commercial, or industrial real estate. "REITs" are defined as companies that are permitted by local regulations to avoid payment of taxes at the corporate level by paying out a substantial portion of income to shareholders as dividends. "Principally engaged" means that at least 50% of a company's revenues are derived from such real estate activities or at least 50% of the fair market value of a company's assets are invested in real estate.

EII offers a variety of investment strategies which are available via separately managed accounts or via the Firms proprietary offshore fund vehicles. Strategies include Global Real Estate Securities, International Real Estate Securities, US REITs, US REIT Income/Preferred, Asian Real Estate Securities, Preferred and Fixed Income Securities.

In addition, EII provides Investment Advisory services for its own proprietary offshore fund vehicles, as well as providing sub-advisory services for clients in the form of separate accounts. EII has hired Breithorn Capital Management as a sub-investment advisor on behalf of the E.I.I Voyager Fund plc, a Dublin based UCITS IV Fund that invests in U.S. Equities.

EII may also enter into foreign currency transactions on behalf of client accounts.

EII offers discretionary and non-discretionary investment management services to clients. Depending on their investment objectives, clients may select from a number of investment strategies offered by the Firm. Investment guidelines and restrictions are determined jointly by the Firm and the client at the onset of the relationship. Clients' assets may be managed in separately managed accounts or by investing in a number of proprietary offshore fund vehicles.

EII's proprietary offshore funds include the following:

Amadeus Asian Real Estate Securities Fund
E.I.I. Global Property Fund
E.I.I. Property World Invest (ex U.S.) Fund
E.I.I. Voyager Fund plc

Item 5 – Fees and Compensation

Management Fee

Management Fees with respect to separately managed accounts may be negotiable.

The specific manner in which fees are charged by and paid to EII are fully documented in the client's written investment management agreement with the Firm.

Separately managed account clients are always invoiced directly for investment management services. Fee's are never debited from the clients account nor are any fee's billed in advance. All fees are billed in arrears. Management Fees are calculated based on a percentage of the market value of assets under management.

The standard fee schedule typically charged for a **U.S.REIT** separately managed account is:

Assets Under Management	Fee
First \$10 Million	0.75%
Above \$10 Million - \$30 Million	0.65%
Above \$30 Million - \$50 Million	0.50%
Above \$50 Million	0.40%

The standard fee schedule typically charged for a **Global, Asia or International Real Estate Securities** separately managed account is:

Assets Under Management	Fee
First \$10 Million	1.00%
Above \$10 Million - \$30 Million	0.90%
Above \$30 Million - \$50 Million	0.75%
Above \$50 Million	0.65%

For accounts limited to short-term instruments or Preferred strategy separately managed accounts, the standard fee schedule charged is 0.5%.

Subject to negotiation, some accounts may be charged a fixed fee, or basis point fee plus a performance incentive fee. Clients are billed for investment advisory services in arrears at the end of a calendar quarter for the three-month period then ended. Payment is due within thirty days of billing.

In the event that EII recommends that its clients purchase shares in a proprietary offshore fund, the investment management fee that the client pays to the Firm will be offset by the amount of the management fee that the client pays as an investor in the proprietary offshore fund.

A client should refer to the respective offshore funds' prospectus or offering memorandum for a comprehensive description of fees.

Incentive Fees

See Item 6 below for information with respect to incentive fees.

Fees Charged to Employees

Though EII does not have the ability to waive proprietary offshore fund fees for its employees, the Firm may choose to allow its employees to invest in these funds for an amount below the minimum required investment stated in each funds prospectus.

Redemption and Termination

Investors in EII's proprietary offshore funds may redeem their interest in the offshore fund in accordance with the applicable redemption terms of the respective offshore fund's prospectus. Investors should refer to the applicable offshore fund's prospectus for additional information, including offshore fund information, corresponding fees charged and applicable redemption terms.

Clients, who are not investors in our proprietary offshore funds and invest with us through a separate account, may withdraw their funds as specified in the Investment Management Agreement negotiated with the Firm.

Generally, investment advisory services provided by EII are terminable by either party upon 30 days prior written notice, unless otherwise specified in the Investment Management Agreement. In the case of any termination, management fees will be determined on a pro rata basis through the date of termination.

Accounts initiated or terminated during a calendar quarter will be charged a prorated fee. Upon termination of any account, any earned, unpaid fees will be due and payable.

Other Fees and Expenses

The Firm's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, and other third parties such as other managers' 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. Offshore proprietary funds also charge internal management fees, which are disclosed in the fund's prospectus.

EII may purchase for clients shares of funds or unit trusts where an advisory fee is assessed as an expense of the fund. In these instances, clients are, in effect, paying two advisory fees on the value of assets invested in these funds.

Item 12 further describes the factors that EII considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commission rates).

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

As referenced previously, EII may enter into a performance fee arrangements with a client invested in a separately managed account

Performance based fee arrangements may create an incentive for the Firm to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements may also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities.

EII has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

EII provides investment management services to high net worth individuals, corporations and other types of businesses, and also acts as a sub-adviser for other off-shore funds vehicles.

The customary minimum portfolio amount considered for institutional discretionary real estate securities portfolio management is \$20,000,000. Smaller amounts are generally directed into the appropriate proprietary offshore fund. Minimum portfolio amounts may be negotiated on a case by case basis.

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

EII generally manages clients' and proprietary offshore funds' portfolios utilizing real estate investment strategies. The Firm identifies investments through research-driven

fundamental analysis. Generally, the Firm is benchmark agnostic as its investment decision-making process tends to review all real estate, stock and fixed income holdings equally and will look to benchmarks as a barometer for investment risk control management.

Investment Methodology and Strategy

Research Process and Portfolio Construction

The Firm employs a top-down and bottom-up approach in its investment analysis. Investment teams consisting of portfolio managers and research analysts, located in our New York, Amsterdam and Singapore research offices, incorporate both qualitative and quantitative inputs and integrate a top down macro perspective with bottom-up fundamental company analysis to identify the most appropriate securities to include in an investment portfolio.

The team continually monitors investments and will add or reduce exposure to certain securities held in the client's portfolio when it is deemed appropriate.

Types of real estate securities under consideration include, but are not limited to, office buildings, shopping centers and malls, apartments, industrial buildings and hotels. The investment team's considerations include, but are not limited to, the quality and location of the property, the strengths of the company's management, business strategy, competitive advantages and financial strength. In addition, other factors such as the company's market capitalization, liquidity and dividend yield are considered.

Risk Management

EII's portfolio construction process is designed to mitigate risk. Diversifying holdings across regions, countries, sectors and market capitalization, are some of the methods utilized in the Firm's risk management process.

In addition, valuation tools such as the company's internal rate of return, earnings multiples, cash flow and leverage are monitored and analyzed.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

EII primarily invests in real estate securities. As such EII's investments will be subject to the risks inherent in the ownership of real property and equities. Real estate values are

affected by a number of factors, including changes in the general economic climate, local conditions (such as an oversupply of space or a reduction in demand for space), the quality and philosophy of management, competition based on rental rates, attractiveness and location of the properties, financial condition of tenants, buyers and sellers of properties, quality of maintenance, insurance and management services, and changes in operating costs. Real estate values are also affected by such factors as government regulations (including those governing usage, improvements, zoning and taxes), interest rate levels, the availability of financing, potential liability under changing environmental and other laws, uninsured casualties, the exercise of the right of eminent domain by governmental entities, acts of God and other factors that are beyond the control of EII. Accordingly, clients who retain the Firm to manage their assets may experience a greater degree of risk compared to having an investment adviser employing an asset diversification investment strategy.

EII looks at market risk based on the political, economic and real estate fundamental factors associated with investing in a specific region, country or city. Setting broad diversification guidelines as a form of risk control, EII adds risk premium to companies operating in emerging markets and with significant development components. The Firm seeks to control risk by focusing on companies with conservative balance sheets, high quality assets and experienced management teams.

Risks Associated with Non-U.S. Investments: EII often makes investments outside the U.S. Such investments involve risks and special considerations some of which are not typically associated with U.S. investments. These including political risks, economic risks, legal risks, foreign currency and exchange risks, accounting and tax risk, restrictions on repatriation of capital and profits and different tax requirements.

Each of EII's investment strategies may be deemed to be a speculative investment and is not intended as a complete investment program. It is designed only for clients and investors who are able to bear the economic risk of the loss of their investment, can afford to be a "long-term investor" and who have a limited need for liquidity in their investment.

Preferred Securities Risks: There are special risks associated with investing in preferred equity securities, including: Deferral. Preferred securities may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer. Some preferred stocks are non-cumulative, meaning that the dividends do not accumulate and need not ever be paid. There is no assurance that dividends or distributions on noncumulative preferred stocks will be declared or otherwise made payable. Preferred securities are subordinated to bonds and other debt instruments in a company's capital structure in terms of priority to corporate income and liquidation payments, and therefore will be subject to greater credit risk than more senior debt

instruments. Preferred securities may be substantially less liquid than many other securities, such as common stocks or U.S. government securities. Generally, preferred security holders have no voting rights with respect to the issuing. In certain varying circumstances, an issuer of preferred securities may redeem the securities prior to a specified date.

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 the evaluation of the Firm or the integrity of the Firm’s management.

EII does not have any disciplinary information applicable to this Item to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

EII has relationships with the following affiliated entities.

E.I.I. Realty Securities, Inc. (“EIIRS”), registered with the Securities and Exchange Commission as an Investment Adviser (SEC File No. 801-44099), is engaged in global real estate securities portfolio management for US and Canadian domiciled clients. Employees of EII may also be employees of EIIRS, including the Firm’s President and Chief Compliance Officer. The Firm’s and EIIRS’s investment committee generally consist of the same members of both Firms with respect to real estate securities.

E.I.I. Realty Corp. (“EII Realty”) provides U.S. direct real estate advisory services to it’s clients. From time to time, EII Realty may provide investment advice on private partnership investments or private company investments. E.I.I. Realty Corp may on occasion, arrange real estate transactions whereby it is compensated with profit participation in addition to standard management, closing and administrative fees. In addition, EII Realty is also a licensed real estate broker in the State of New York.

E.I.I. Realty Securities Trust (“EII Realty Trust”), is an Investment Company registered with the Securities and Exchange Commission (SEC File No. 811-08649). EII Realty Securities Inc. is the Investment Adviser to the Trust.

EII (Netherlands) B.V. is a Dutch entity located in Amsterdam and provides real estate securities advisory services to the Firm.

EII (Singapore) PTE, Ltd., is a Singaporean entity located in Singapore and provides real estate securities advisory services to the firm.

EII (Deutschland) AG is a German entity located in Munich and provides marketing and client services to the Firm.

In regards to the E.I.I Voyager Fund plc, a Dublin based UCITS IV Fund, effective July 2011, EII hired Breithorn Capital Management (“Breithorn”) to act as a Sub-Investment Manager for the Fund with full discretionary investment authority. Breithorn receives all but 0.20% of the net investment management fee for its services, while the remaining 0.20% is paid to EII for the services it performs on behalf of the Fund.

EII has entered into a Distribution Services Agreement with BNY Mellon Distributors Inc which would allow an employee to become a Registered Representative of the Distributor. This employee currently has his Series 6, 63 and 7 licenses therefore he would have the right to distribute prospectus and marketing materials relating to EII’s Mutual Funds, to the Registered Investment Advisor Channel and Institutional Investors, but not individual investors. This employee is supervised by the Distributor, who is acting as the principle to supervise this Registered Representative. As a result of this arrangement, the aforementioned employee may have an incentive to recommend E.I.I.’s Mutual Funds to clients. However, this conflict of interest is mitigated by the fact that the employee does not receive any additional compensation for sale of E.I.I.’s Mutual Funds. All costs associated with the distribution of these Mutual Funds are borne exclusively by EII.

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

EII has adopted a Code of Ethics designed to address and prevent potential conflicts of interest as required under Rule 204A-1 of the Investment Advisers Act. The Code of Ethics describes the Firm’s high standard of business conduct and fiduciary duty to its clients. The Code of Ethics includes, among other items, provisions relating to the confidentiality of client information, prohibition on insider trading, prohibition of spreading rumors, restrictions on the acceptance of extravagant gifts and entertainment, the reporting of all gifts and business entertainment, and personal securities trading procedures. All supervised persons at the Firm must acknowledge annually the terms of the Code of Ethics.

From time-to-time, the Firm's supervised persons may transact in or hold the same securities as clients. In these situations, the Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of the Firm will not materially interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code requires pre-clearance of transactions in all securities, except certain classes of securities and transactions that have been designated as exempt, based on a determination that these would materially not interfere with the best interest of clients, and restricts trading in close proximity to client trading. In addition, in order to prevent supervised persons from inappropriately profiting from effecting personal securities transactions and to prevent the appearance of impropriety as a result of the supervised persons effecting personal securities transactions based on clients' transactions, the Code has a forfeiture of profit rule for securities purchased and sold or sold and purchased by supervised persons within a certain period of time. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from client's activity in a security held by an employee.

Employee trading is monitored by the Compliance Team to reasonably detect and prevent conflicts of interest between EII and its clients.

Among others, the Code requires supervised persons to:

- Submit to the Compliance Team an initial and an annual report listing their securities holdings and a quarterly report of transactions;
- Pre-clear personal securities transactions, other than those specifically exempted by the Code, by the Compliance Team;
- Provide duplicate copies of confirmations of all personal securities transactions and copies of periodic statements for all securities accounts to the Compliance Team for review (unless a specific exemption applies);
- Not invest in IPOs;
- Obtain approval from the Compliance Team prior to investing in Private Placements (limited offerings);
- Comply with the federal securities laws, certifying that they have read and understand the Code and reporting any violations of the Code to the Compliance Team;
- Not trade either in their personal accounts or on behalf of client accounts on the basis of material non-public information; and
- Report any outside business activities and ensuring they are not using their position for a personal benefit.

Employees who violate the Code and the Firm's Compliance Manual are subject to disciplinary action including, but not limited to, written warnings, fines and termination of employment.

EII will provide a complete copy of its Code of Ethics to any client or prospective client upon request made to Michael Meagher, Chief Compliance Officer.

From time-to-time, affiliated accounts that are managed by EII and EIIRS may trade in the same securities with client accounts on an aggregated basis. In such circumstances, affiliated and client accounts will share commission costs equally and receive securities at a total average price. In the event that the aggregated order is partially filled, the Firm will generally allocate the partially filled order pro rata to the clients, including affiliated accounts, in the order.

EII, its officers, directors, employees and affiliates may from time to time have an ownership interest in one or more of the proprietary offshore funds or a related entity, may not be subject to the same fees otherwise charged investors and may have positions or interests in securities which are purchased or sold on behalf of clients. Such conflicts are disclosed in the prospectus for the proprietary offshore funds or related entities. EII will endeavor to resolve conflicts of interest with respect to investment opportunities in a manner which it deems equitable to clients and their investors under the prevailing facts and circumstances.

From time-to-time, various potential and actual conflicts of interest may arise from the investment advisory activities of the Firm, its employees and affiliates. The Firm, its employees and affiliates may give advice to, or take action for, their own accounts or other clients that may differ from, conflict with or be adverse to advice given or action taken for a client or clients.

See Item 12 for information with respect to Principal and Agency Cross Transactions.

Item 12 – Brokerage Practices

Broker Selection

Generally, EII selects broker-dealers through which to effect transactions on the basis of best execution. "Best execution" does not simply mean effecting transactions at the lowest possible commission rate, transaction costs and price, but includes a number of factors mentioned herein.

EII seeks to effect transactions at a price, commission and transaction cost (e.g., mark-up or mark-down) that provides the most favorable total cost or proceeds reasonably attainable under the circumstances. The Firm may consider various factors when selecting broker-dealers including, but not limited to, the nature of the portfolio transaction, the size of the transaction, broker's trading expertise, reliability, responsiveness, reputation, execution, clearance, settlement and error correction capabilities, willingness to commit capital, access to a particular trading market, security conditions (e.g., liquidity, volatility), and the value of research it provides.

EII has discretion to determine, without obtaining prior consent from any client, the:

- broker or dealer to execute transactions; and
- commission rates or commission equivalents charged for effecting transactions.

Clients' transactions may involve specialized services on the part of a broker-dealer, which may justify higher commissions (and mark-ups or mark-downs) than would be the case for more routine services.

Periodic evaluation of broker relationships are made by the Firm to determine the adequacy of commissions paid and services received.

Cross-Trades

From time-to-time, the Firm may effect a purchase of a security for one or more clients at the same time as it effects a sale of the same security for another client. Such transactions may occur to rebalance the positions held in clients' portfolios in order to achieve uniform results among clients, to take into account clients' cash flows or to comply with investment guidelines and restrictions, and will generally be effected at the volume-weighted-average-price ("VWAP"), the closing price for the security or some other fair and reasonable basis.

Research and Brokerage Services

As is customary industry practice, broker-dealers may provide its own proprietary research to Investment Advisers, including the Firm. Generally, commissions and other transaction costs (e.g., "mark-ups" and "mark-downs") paid to these broker-dealers to execute transactions include the cost to receive their proprietary research and other brokerage services.

EII may obtain third-party research products and services paid for with clients' commissions ("Soft Dollars"). Using the Firm's clients' commissions to pay for research creates an inherent conflict of interest between the Firm and clients as the Firm would have to otherwise use its own funds to obtain this research product or service. In addition,

while the Firm uses this research to benefit all of its clients in its investment decision-making or trade execution process, clients whose commissions are used to pay for the research may not necessarily receive the direct benefit of this research or brokerage services while clients who do not pay for these services may receive the benefit. Soft Dollar commission rates may be higher than commission rates that might be charged by other broker-dealers to execute the transaction.

The Firm's Soft Dollar Committee, consisting of the Firm's Chief Operating Officer, Head Trader, Chief Financial Officer, Chief Compliance Officer, Portfolio Managers, Compliance Associate and members of our Accounting team meet quarterly to review and approve research products and services the Firm receives and pays for with Soft Dollars. Research services obtained with Soft Dollars may include written information and analyses concerning specific securities, companies or sectors, market, financial and economic studies and forecasts, statistics and pricing or appraisal services, and access to research analysts and company executives, along with software, databases and other technical and telecommunication services, lines, and equipment utilized in the investment management process.

In the event that the product or service has a "mixed use" and may be used for non-research purposes (e.g., portfolio and client accounting system or software), the Soft Dollar Committee will assess what portion of the product or service may be paid with Soft Dollars with the balance paid with the Firm's own funds.

EII utilizes the services of an independent third party, Westminster Research Associates ("Westminster Research"), to administer the Firm's Soft Dollar program. Westminster Research specializes in independent research products and services, consolidating all administration and reporting of commission management needs with one firm. Utilizing Westminster Research provides an added layer of due diligence of the Soft Dollar process, as they will not accept or approve of a Soft Dollar expense allocation unless it meets the SEC safe harbor guidelines.

Because EII and EIIRS share a common trading desk and investment professionals occupy similar positions in both companies, the Firms believe that by aggregating trade orders for their respective clients, utilizing their respective clients' commissions for Soft Dollars is reasonable and appropriate. The Soft Dollar Committee monitors Soft Dollar commissions allocated to the Firm's and EIIRS's respective clients to ensure that such allocations are fair and reasonable under the circumstances.

Aggregation and Allocation

EII, at its discretion, may aggregate orders in the same security for clients transacting in that security and will generally allocate the securities or proceeds arising as a result of the transactions (and the related transaction expenses) on an average price basis among the clients participating in the order. From time-to-time, EII may include orders for the same security that its affiliate, EIIRS may be transacting for its clients. In these situations, the respective clients of the Firm and EIIRS in the order will generally receive an allocation, on a pro rata basis, of the securities or proceeds (and the related transaction expenses) on an average price and transaction cost basis.

The Firm believes that by aggregating orders, commission rates and transaction costs may be reduced as a result of such aggregation. However, in certain instances, average pricing may result in higher or lower total net execution price than otherwise obtainable by effecting client transactions separately. The Firm believes that aggregating orders contribute to seeking best execution.

It is the Firm's routine practice to aggregate contemporaneous trade orders for the same securities. We believe that generally this practice results in lower commissions and better execution prices. Each account participates in such aggregate orders at the average price except in cases when, due to limitations on the liquidity of a security, multiple transactions are necessary to complete a buying or selling program. To reduce custodial costs to clients in such cases, we allocate trades according to allocation rules based on percentage holdings of each account in the individual security, sector or overall cash position. The proration may be adjusted to eliminate odd lots and de minimis positions. This may cause some accounts, particularly those that are eliminated from allocations to avoid de minimis positions in their accounts, to perform less well than other, similarly managed accounts.

See Item 14 below for additional information with respect to payment for client referrals.

Trade Errors

From time-to-time, the Firm may cause a trade error to occur. Trade errors may happen as a result of effecting the incorrect amount of shares (e.g., 10,000 shares were purchased when the intention was to purchase 1,000 shares), effecting transactions were effected in the wrong client account, and mistakenly labeling an order to buy shares as an order to sell shares, among other reasons. When trade errors occur, the Firm's policy is to correct the error promptly. In the event that the Firm caused the error, the Firm will make the client whole for the loss unless the equities of the situation may cause an unjust enrichment for the client. If the client caused the error (e.g., the client advised the Firm that a certain amount of funds would be wired to the account on a certain day but a substantially smaller

amount was wired or the funds were not wired and the Firm acted upon the client's advice), the client will bear the cost of the error. If a third-party caused the error (e.g., the Firm properly gave trade instructions to a broker-dealer but the broker-dealer executed the order incorrectly), the Firm will take steps to collect from the third-party the amount of the error; however, there is no guarantee that the Firm will be successful recuperating such funds in which case the client will bear the loss.

Principal and Agency Cross-Transactions

"Principal transactions" are generally defined as transactions where an Investment 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 a proprietary fund and another client account.

Due to the amount invested in some of the proprietary offshore funds by EII, its employees or affiliates, transactions by other clients with these proprietary offshore funds may be deemed to be a principal transaction. However, the Firm does not provide any special treatment to these proprietary offshore funds.

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.

EII is neither registered as, nor is affiliated with, a securities broker-dealer.

Item 13 – Review of Accounts

Account Reviews

Clients' accounts are reviewed by members of the Investment, Operations, Trading and Compliance teams. Daily monitoring of accounts is performed to, among others reasons, verify transactions, the receipt and disbursement of funds, and compliance with clients' investment guidelines and restrictions.

In addition, the Firm's internal documents are reconciled against the clients' custodial statements on a daily or monthly basis by members of the Operations Team.

Client Reports

Clients generally receive written account statements from their respective custodian as well as the Firm on a quarterly basis. The Firm's reports may include portfolio holdings, transactions and performance information.

Clients are encouraged to compare the statements provided by EII to their custodial statements, and notify their custodian and the Firm should discrepancies appear.

See Item 15 for additional information with respect to custody of assets.

Item 14 – Client Referrals and Other Compensation

Client Referrals

From time-to-time, EII may enter into arrangements with unaffiliated third-parties ("solicitors") whereby they are compensated for referring investors to off-shore proprietary funds managed by the Firm. Generally, payments to such solicitors will be based on a percentage of the amount of funds invested or a percentage of the fee earned by the Firm on the invested amount.

Clients and investors should be aware of the inherent conflict of interest with respect to the solicitation arrangement described above. Solicitors may refer potential investors into these proprietary offshore funds because they will be paid a fee and not because these vehicles are appropriate or suitable for the investor. In turn, the Firm earns management fees from these investors in proprietary offshore funds which may be higher than what they might pay another investment manager or collective investment fund.

Investors in these proprietary offshore funds should ask solicitors who are not affiliated with EII if they are being paid fees for client referrals and, if they are, what the fee arrangement is. In addition, these investors should contact Michael Meagher, Chief Compliance Officer, at 212-735-9578, to obtain information with respect to the arrangement with the solicitor, including the fee payment schedule.

Item 15 – Custody

EII does not retain Custody of any client assets. Separately managed account clients' assets are held by their respective custodian of their own selection. The proprietary offshore funds' assets are held by custodians selected by the respective proprietary fund.

For separately managed accounts, EII statements may vary from custodial statements based on accounting procedures, reporting dates, and valuation methodologies of certain securities.

The custodian is responsible for, among other things, opening and maintaining a custody account or accounts in the name of the client and holding and administering all assets of the client as shall be deposited by the client from time to time with and accepted by the custodian. Pursuant to custodial agreements, each custodian will clear the respective clients' securities transactions which are effected through other brokerage firms. Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets.

EII urges clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to you.

Item 16 – Investment Discretion

Investment Discretion

As an Investment Adviser, EII is granted the discretionary authority pursuant to the investment management agreement with a client to determine which securities and the amounts of securities to be bought or sold, as well as the broker-dealer to be used and the commission rates to be paid.

EII generally receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. Subject to the Firm's consent, clients may provide specific investment restrictions and guidelines (e.g., limitations on security exposures). In all cases, however, the Firm exercises such investment discretion in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining the amounts of securities to be bought or sold, EII seeks to comply with the investment policies, limitations and restrictions of the clients.

Investment guidelines and restrictions must be provided to the Firm in writing and must be agreed to by both parties.

Item 17 – Voting Client Securities

The Firm has implemented policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 of the Investment Advisers Act.

This Rule generally requires the Firm to (i) adopt policies and procedures reasonably designed to ensure that proxies with respect to securities in the clients' accounts where we exercise voting discretion are voted in the best interest of our clients; (ii) to disclose how information may be obtained on how we vote proxies; and (iii) to maintain records relating to our proxy voting.

Clients may request EII to vote proxies on their behalf. Such delegation of proxy voting authority will be reflected in the written investment management agreement between the client and the Firm.

EII utilizes Glass Lewis & Co. for research analysis with respect to proxy vote items. Generally, the Firm's Proxy Voting Policy is to vote proxies according to Glass Lewis' "*Public Pension Guidelines*" policy and recommendations except in those instances where the Firm determines to override Glass Lewis' recommendations based on its own analysis.

From time-to-time, conflicts may arise between EII and clients with respect to proxy voting issues. For example, EII portfolio managers may own securities held by clients and may have a different position than Glass Lewis' on how to vote proxies for that security. When conflicts appear, the Firm's policy is to follow Glass Lewis' recommendation with respect to how to vote the proxy.

Clients may retain the right and responsibility for receiving and voting its own proxies. In such case, the investment management agreement will reflect that the client will retain responsibility to vote proxies.

Clients may obtain a copy of EII's Proxy Voting Policy upon request. Clients may also obtain information with respect to how the Firm voted proxies on behalf of their account(s) by contacting Michael Meagher, Chief Compliance Officer, at 212-735-9578.

Item 18 – Financial Information

Registered Investment Advisers are required in this Item to provide you with certain financial information or disclosures about their financial condition.

EII does not have any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients. In addition, the Firm has not been the subject of a bankruptcy proceeding.