

**Part 2A of Form ADV: Firm Brochure**

**Item 1: Cover Page**

**The Leuthold Group, LLC d/b/a  
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**January 1, 2012**

This brochure provides information about the qualifications and business practices of Leuthold Weeden Capital Management. If you have any questions about the contents of this brochure, please contact us at 612-332-9141 or [contact@lwcm.com](mailto:contact@lwcm.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Leuthold Weeden Capital Management is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2: Material Changes**

Material changes from Leuthold Weeden Capital Management's last amendment filed on October 3, 2011 include:

- Retirement of James Floyd as a Portfolio Manager on December 31, 2011.
- Addition of Leuthold Private Strategy Common Fund.
- Deletion of references to various private funds managed by Leuthold Weeden Hedge LLC, which is solely owned by Leuthold Weeden Capital Management. Information about such private funds are included in Form ADV for Leuthold Weeden Hedge LLC.

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#### **Item 4: Advisory Business**

The Leuthold Group, LLC d/b/a Leuthold Weeden Capital Management (“Leuthold”) serves as an investment advisor to separately managed accounts, mutual funds and a private investment fund. Leuthold also provides investment research to institutional clients.

The Leuthold Group was founded in 1981 as an independent investment research firm. Our proprietary research includes technical and quantitative analysis, broad sector and industry group analysis, financial marketplace supply/demand dynamics, long-term historical valuation studies as well as other types of market research. In 1987, members of The Leuthold Group founded Leuthold Weeden Capital Management to provide investment advisory services to individuals, institutions, private funds and public funds.

Leuthold is majority employee-owned. Weeden Investors, L.P., Weeden & Co., L.P.'s parent company, is also an owner of Leuthold. Weeden is an institutional trading firm based in Greenwich, CT.

We offer advice on the following: equity securities of exchange-listed securities, securities traded over-the-counter and foreign issuers; warrants; corporate debt securities; commercial paper; certificates of deposit; municipal securities; mutual fund shares; United States government securities; options contracts on securities and commodities; futures contracts on tangibles and intangibles; and interests in partnerships investing in real estate, oil and gas interests.

We may also invest in convertible corporate debt securities; convertible preferred stocks; obligations issued or guaranteed by the United States, states, counties, cities, or other political subdivisions or agencies thereof; various money market instruments, such as bankers' acceptances, corporate demand notes and repurchase obligations; Eurodollar and Yankee-dollar debt obligations; debt obligations of foreign governments; and industrial metals and precious metals. From time to time, we may, within the investment strategy, invest into such unconventional asset classes such as farm land or gold.

The advisory services we offer are focused on the strategy level, with most of the strategies based on quantitative models. We do not tailor advisory services to the needs of individual clients, but instead provide a series of investment strategies from which clients may select the offerings that best meet their needs. Clients who invest in separately managed accounts may impose restrictions on investing in certain securities or types of securities if the proposed restrictions are agreed to by us. The majority of our clients do not impose such restrictions, and investors in the mutual funds and private investment fund have no opportunity to impose any investment restrictions.

As of December 31, 2011, Leuthold managed \$3,224,339,032 of client assets on a discretionary basis and \$0.00 on a non-discretionary basis.

## **Item 5: Fees & Compensation**

### **Separately Managed Accounts**

We provide investment advice to individuals, institutions, including ERISA accounts for whom we act as a fiduciary, and mutual funds (public) and a private fund. The investment advisory fees charged to clients with separately managed accounts are negotiable and may vary significantly from client-to-client, and may be higher or lower than those indicated in the basic fee schedules below, depending on a number of factors, including the amount of assets under management, the nature of the assets, the type of analysis required to manage the account, the length of the client's relationship with us, the level of service required by the client, and other factors. Fees may be deducted from client accounts or billed to clients, depending upon their preference.

For all accounts, we may invest client cash balances in money market funds and may invest client property in other pooled funds. In addition to the fees charged by Leuthold, each of the pooled funds in which clients' funds may be invested also pays its own investment advisory fees and expenses. To the extent that clients invest in pooled funds (other than the Leuthold mutual funds or private investment fund), such clients effectively will pay two levels of advisory fees, one for the management of their assets invested with Leuthold, and indirectly through the management fees assessed the pooled fund by its investment adviser. Clients will not pay an investment advisory fee to Leuthold with respect to assets in the clients' accounts that are invested in the Leuthold mutual funds. However, clients will bear their individual proportional share of fees and expenses paid by the funds, including the investment advisory fees paid by the funds to us.

Clients may pay additional charges for their separately managed accounts in addition to the investment advisory fees paid to us. Clients will pay custodial fees and are also likely to incur brokerage transaction fees. Item 12 discusses brokerage transactions in more detail.

### **Core Investment Portfolio**

We manage separate accounts using our Core Investment Portfolio Strategy which seeks capital appreciation and income (or "total return"). We allocate investments among common stocks and other equity securities, bonds and other debt securities, money market instruments, and some alternative investments (including common stock and other securities sold short). We invest the equity portion of the Core Investment Portfolio using the methodology of the Select Industries Portfolio Strategy. We may also have some equity exposure to emerging markets.

Our fees for this service are based upon the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$5,000,000	0.900%
Next \$5,000,000	0.675%
Next \$20,000,000	0.450%
Balance over \$30,000,000	0.675%

The fee schedule is applied to the fair market value (as reasonably determined by us) of the assets under management as of the end of each quarter. Our fees do not include brokerage commissions and custodial costs. Our fees are payable quarterly in arrears based on the assets under management at the end of each quarter.

Clients may terminate their agreements by giving us 45 days written notice. If the client reduces actively managed assets prior to the end of the quarter (for example, a buy order made on a stock or other security that closes out an existing short position known as a “buy-to-cover”, withdrawals or termination), fees will be determined by prorating on a daily basis from the beginning of the quarter to the date of the reduction.

#### Asset Allocation Portfolio

We manage separate accounts using our Asset Allocation Portfolio Strategy which seeks capital appreciation and income (or “total return”). We allocate investments among common stocks and other equity securities, bonds and other debt securities, money market instruments, and some alternative investments (including common stock and other securities sold short). We invest the equity portion of the Asset Allocation Strategy using the methodologies of the Select Equities Portfolio Strategy and the Undervalued & Unloved Strategy, as well as other quantitative strategies depending on market conditions. We may also have some equity exposure to emerging markets.

Our fees for this service are based upon the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$5,000,000	0.900%
Next \$5,000,000	0.675%
Next \$20,000,000	0.450%
Balance over \$30,000,000	0.675%

The fee schedule is applied to the fair market value (as reasonably determined by us) of the assets under management as of the end of each quarter. Fees do not include brokerage commissions and custodial costs. Our fees are payable quarterly in arrears based on the assets under management at the end of each quarter.

Clients may terminate their agreements by giving us 45 days written notice. If the client reduces actively managed assets prior to the end of the quarter (for example, a buy order made on a stock or other security that closes out an existing short position known as a “buy-to-cover”, withdrawals, or termination), fees will be determined by prorating on a daily basis from the beginning of the quarter to the date of the reduction.

### Global Portfolio

We manage separate accounts using our Global Portfolio Strategy which seeks capital appreciation and income (or “total return”). We allocate investments among common stocks and other equity securities, bonds and other debt securities, money market instruments, and some alternative investments (including common stock and other securities sold short) from around the world. We may also have some equity exposure to emerging markets. We invest the equity portion of the separate account in the Leuthold Global Industries Fund, Institutional Class Shares (LGIIX), to ease the process of investing in foreign markets.

Our fees for this service are based upon the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
\$15,000,000 - \$30,000,000	1.100%
Next \$20,000,000	1.000%
Balance over \$50,000,000	Negotiated

The fee schedule is applied to the fair market value (as reasonably determined by us) of the assets under management as of the end of each quarter. This fee will be offset by assets in the account that are invested in LGIIX. This fee offset will be calculated based on the average investment in the mutual fund during the quarter multiplied by the mutual fund's investment advisory fee rate. Our fees do not include brokerage commissions and custodial costs. Our fees are payable quarterly in arrears based on the assets under management at the end of each quarter.

Clients may terminate their agreements by giving us 45 days written notice. If the client reduces actively managed assets prior to the end of the quarter (for example, a buy order made on a stock or other security that closes out an existing short position known as a “buy-to-cover”, withdrawals, or termination), fees will be determined by prorating on a daily basis from the beginning of the quarter to the date of the reduction.

### Select Industries Portfolio

We manage separate accounts using our Select Industries Portfolio Strategy which seeks capital appreciation. This is a group rotation strategy where our model ranks industry groups, portfolio managers select from the attractive industry groups based on the model, and then select stocks within the attractive groups. We currently monitor about 120 industry groups, updating our group selection at least monthly and adjusting the Portfolio

as necessary. We utilize a disciplined, unemotional, quantitative approach that is based on the belief clients can achieve greater performance through group selection. The Portfolio will invest in companies of all sizes and industries as well as “growth” stocks and “value” stocks.

Our fees for this service are based upon the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$20,000,000	1.000%
Balance over \$20,000,000	Negotiated

The fee schedule is applied to the fair market value (as reasonably determined by us) of the assets under management as of the end of each quarter. Our fees do not include brokerage commissions and custodial costs. Our fees are payable quarterly in arrears based on the assets under management at the end of each quarter.

Clients may terminate their agreements by giving us 45 days written notice. If the client reduces actively managed assets prior to the end of the quarter (for example, a buy order made on a stock or other security that closes out an existing short position known as a “buy-to-cover”, withdrawals, or termination), fees will be determined by prorating on a daily basis from the beginning of the quarter to the date of the reduction.

#### Select Equities Portfolio

We manage separate accounts using our Select Equities Portfolio Strategy which seeks capital appreciation. We utilize a disciplined, unemotional, quantitative investment approach that is based on the belief that in all market conditions there will be some companies which are poised to outperform the market. The Select Equities Portfolio will invest in companies of all sizes and industries as well as in “growth” stocks and “value” stocks.

Our fees for this service are based upon the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$20,000,000	1.000%
Balance over \$20,000,000	Negotiated

The fee schedule is applied to the fair market value (as reasonably determined by us) of the assets under management as of the end of each quarter. Fees do not include brokerage commissions and custodial costs. Our fees are payable quarterly in arrears based on the assets under management at the end of each quarter.

Clients may terminate their agreements by giving us 45 days written notice. If the client reduces actively managed assets prior to the end of the quarter (for example, a buy order



made on a stock or other security that closes out an existing short position known as a “buy-to-cover”, withdrawals, or termination), fees will be determined by prorating on a daily basis from the beginning of the quarter to the date of the reduction.

#### Hedged Equity Portfolio

We manage “Hedged Equity” Portfolio Strategies in separate accounts which combine the AdvantHedge and Select Industries or Select Equities Portfolio Strategies described elsewhere in this section.

Our fees for this service are based upon the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$25,000,000	1.000%
Balance over \$25,000,000	Negotiated

The fee schedule is applied to the fair market value (as reasonably determined by us) of the assets under management as of the end of each quarter. Fees do not include brokerage commissions and custodial costs. Our fees are payable quarterly in arrears based on the assets under management at the end of each quarter.

Clients may terminate their agreements by giving us 45 days written notice. If the client reduces actively managed assets prior to the end of the quarter (for example, a buy order made on a stock or other security that closes out an existing short position known as a “buy-to-cover”, withdrawals, or termination), fees will be determined by prorating on a daily basis from the beginning of the quarter to the date of the reduction.

#### Global CleanTech Opportunity Portfolio

We manage separate accounts using our Global CleanTech Opportunity Portfolio Strategy which seeks capital appreciation and long-term growth. The Global CleanTech Opportunity Portfolio Strategy allocates its investments primarily in common stocks around the world that can benefit from the expected growth in spending and investment in energy efficient and “clean” technologies, innovations, and solutions. The Strategy will hold both long and short positions and will strive to be no more than 60% long or 60% short in most market conditions.

Our fees for this service are based upon the following fee schedule:

<b>Assets Under Management</b>	<b>Annual Fee</b>
First \$20,000,000	1.250%
Balance over \$20,000,000	Negotiated

The fee schedule is applied to the fair market value (as reasonably determined by us) of the assets under management as of the end of each quarter. Fees do not include brokerage commissions and custodial costs. Our fees are payable quarterly in arrears based on the assets under management at the end of each quarter.

Clients may terminate their agreements by giving us 45 days written notice. If the client reduces actively managed assets prior to the end of the quarter (for example, a buy order made on a stock or other security that closes out an existing short position known as a “buy-to-cover”, withdrawals, or termination), fees will be determined by prorating on a daily basis from the beginning of the quarter to the date of the reduction.

#### AdvantHedge Portfolio

We manage short-selling portfolios in separate accounts called “AdvantHedge,” which seek capital appreciation. Please note that this strategy is no longer open to new investors in a separately managed account format, but is available in both mutual fund and private investment fund formats. In managing the “AdvantHedge” portfolios, we use a system we developed known as the “Vulnerability Index”. The Vulnerability Index is made up of twelve or more separate factors, and provides numeric characteristics we believe indicate potential share vulnerability to price decline.

Our fees for this service are 1.00% per annum of assets under management plus a 5.00% performance fee. The performance fee will equal 5.00% of the net profit (net of the 1.00% management fee) in the account for the fee collection period.

Payment of the account advisory fee of 1.00% of assets under management is due when the account is initially funded. Upon deposit, additions to the account are also subject to the 1.00% fee. Clients are liable for the first full year’s minimum fee. The initial upfront account advisory fee is refunded in full if the client cancels the investment advisory agreement within five (5) business days upon submission of the executed agreement to us. At the end of one full calendar year of asset management, the fee schedule is applied to the fair market value (as reasonably determined by us) of the assets under management as of the end of each quarter. Fees are paid quarterly in arrears based on the assets under management at the end of each quarter. If the client reduces actively managed assets prior to the end of the quarter (for example, a buy order made on a stock or other security that closes out an existing short position known as a “buy-to-cover”, withdrawals, or termination), fees will be determined by prorating on a daily basis from the beginning of the quarter to the date of the reduction. The 5.00% performance fee will be calculated and taken at the end of each calendar year, and upon the client exiting the account. Either

party may terminate the investment advisory agreement upon 45 days written notice to the other party. Fees are not refundable if the agreement is terminated within the first year by the client.

### **Mutual Funds**

Leuthold serves as investment advisor to Leuthold Funds, Inc. consisting of the following:

- Leuthold Core Investment Fund (retail and institutional class),
- Leuthold Asset Allocation Fund (retail and institutional class),
- Leuthold Global Fund (retail and institutional class),
- Leuthold Select Industries Fund,
- Leuthold Global Industries Fund (retail and institutional class),
- Leuthold Global Clean Technology Fund (retail and institutional class),
- Leuthold Hedged Equity Fund (retail and institutional class), and the
- Grizzly Short Fund

Each of the above funds are no-load, open-end management investment companies (commonly known as mutual funds, and collectively referred to as the “Funds”). We furnish continuous investment advisory services to the Funds and are primarily responsible for the day-to-day investment management of the Funds. Under the terms of the Investment Advisory Agreement with each of the Funds, Leuthold, at its own expense and without reimbursement from the Funds, furnishes office space and all necessary office facilities, equipment and executive personnel for managing the investments of the Funds. For such services, we receive a monthly fee based on the average daily net assets of the Funds at the annual rate of:

1.25%	Leuthold Hedged Equity Fund, and Grizzly Short Fund;
1.10%	Leuthold Global Fund
1.00%	Leuthold Select Industries Fund, Leuthold Global Industries Fund, and Leuthold Global Clean Technology Fund;
0.90%	Leuthold Core Investment Fund, and Leuthold Asset Allocation Fund.

For all accounts, we may invest client cash balances in money market funds and may invest client property in other pooled funds. In addition to the fees charged by us, each of the pooled funds in which clients’ funds may be invested also pays its own investment advisory fees and expenses. To the extent that clients invest in pooled funds within the Leuthold Funds, such clients effectively will pay two levels of advisory fees, one for the

management of their assets invested with Leuthold, and indirectly through the management fees assessed the pooled fund by its investment adviser.

### **Private Investment Fund**

We currently provide investment advisory services to one private investment fund. For advisory services provided to the private investment fund, we earn the following management and incentive fees:

	<b><u>Management Fee (% of Fund's Net Asset Value)</u></b>	<b><u>Incentive Fee (% of Investor's Net Profits)</u></b>
Leuthold Private Strategy Common Fund	0.35%	None

Clients with assets that are invested in this private investment fund through other portfolios managed by Leuthold are not subject to the management fee described above for the private investment fund. Only Leuthold's standard advisory fees for the various portfolio strategies described elsewhere will apply to those assets invested in the private investment fund. Clients invested in the private investment fund will incur costs in addition to the management fee paid to us. Fund expenses such as brokerage commissions, dealer mark-ups, warehousing costs, and other transactional expenses associated with its investment activities and its legal, auditing, accounting, and custodial fees will be passed on to investors in the fund.

### **Item 6: Performance-Based Fees and Side-By-Side Management**

As discussed in Item 5, we receive performance based fees as follows:

Separately Managed Accounts  
 AdvantHedge Portfolio – 5% incentive fee

As also discussed in Item 5, we also manage strategies that do not charge a performance-based fee. As such, we have an incentive to favor accounts that pay a performance-based fee by allocating our best trades to their accounts. We address this conflict by trading in blocks for a particular strategy, as described in Item 12. We also have an incentive to steer clients to accounts that pay performance-based fees. We address this conflict by including a description of all product offerings and expenses in Form ADV.

### **Item 7: Types of Clients**

We offer our products to a wide range of clients, including individuals, trusts, foundations, charitable organizations, corporations, government entities, unions, limited partnerships, endowments, investment companies, and pension plans. We also provide investment advisory services to a private investment fund.

Our products are subject to the following minimums, although we reserve the right to waive these minimums at our discretion:

<b>Separately Managed Accounts</b>	<b>Minimum</b>
Core	\$2,000,000
Asset Allocation	\$2,000,000
Global	\$15,000,000
Select Industries	\$1,000,000
Select Equities	\$1,000,000
Hedged Equity	\$1,000,000
Global CleanTech Opportunity	\$1,000,000
AdvantHedge	No longer accepting new accounts
<b>Mutual Funds</b>	
Institutional Class	\$1,000,000
Individual Retirement Accounts (other than Institutional Class)	\$1,000
Coverdell Education Savings Account	\$1,000
All Other Accounts	\$10,000
<b>Private Investment Fund</b>	
Leuthold Private Strategy Common Fund	\$100,000

## **Item 8: Method of Analysis, Investment Strategies and Risk of Loss**

### Core Strategy, Asset Allocation Strategy, and Global Strategy

The Core Strategy, the Asset Allocation Strategy, and the Global Strategy, whether in the form of a separately managed account or mutual fund, seek capital appreciation and income (or “total return”). We allocate investments in these strategies among common stocks and other equity securities, bonds and other debt securities, money market instruments, and some alternative investments (including common stock and other securities sold short). The equity portion of the Core Strategy is invested using the methodology of the Select Industries Strategy. The equity portion of the Asset Allocation Strategy is invested using the methodology of the Select Equities Strategy and the Undervalued and Unloved Strategy, as well as other quantitative strategies depending on market conditions. The equity portion of the Global Strategy is invested using the methodology of the Global Industries Strategy. Each strategy may also have some equity exposure to emerging markets.

### Select Industries Strategy

The Select Industries Strategy, whether in the form of a separately managed account or mutual fund, seeks capital appreciation. This is a group rotation strategy where our model ranks industry groups, portfolio managers select from the attractive industry groups based on the model, and then select stocks within the attractive groups. We currently monitor about 120 industry groups, updating our group selection at least monthly and adjusting the Portfolio as necessary. We utilize a disciplined, unemotional, quantitative approach that is based on the belief clients can achieve greater performance through group selection. The Portfolio will invest in companies of all sizes and industries as well as “growth” stocks and “value” stocks.

### Select Equities Strategy

The Select Equities Strategy, available in a separately managed account format, seeks capital appreciation. We utilize a disciplined, unemotional, quantitative investment approach that is based on the belief that in all market conditions there are some companies which are poised to outperform the market. The Select Equities Portfolio invests in companies of all sizes and industries as well as in “growth” stocks and “value” stocks.

### Undervalued & Unloved Strategy

The Undervalued & Unloved Strategy, currently only available as one of the equity strategies used within the Asset Allocation Strategy, seeks long-term capital appreciation and dividend income. The Strategy utilizes a disciplined, unemotional, quantitative investment approach that is based on the belief that in all market conditions there are some companies which are undervalued. The Strategy refers to this investment strategy as the “Undervalued & Unloved” value screen. The “Undervalued & Unloved” value screen has been in existence for over 25 years and Leuthold has more recently included investments selected by this value screen in managed account and investment company portfolios. The Strategy will invest in “value” stocks of companies of all sizes and industries.

### Global Industries/Global Equities Strategy

The Global Industries Strategy, available in the form of a mutual fund, and the Global Equities Strategy, available in the form of a private investment fund, both use the same quantitative methods to manage their portfolios of global stocks. The Strategy seeks capital appreciation and dividend income. Normally, the Strategy will invest at least 40% of its assets in securities from non-U.S. securities markets. The Strategy uses a disciplined, unemotional, quantitative investment approach that is based on the belief investors can achieve superior investment performance through global group selection.

### Global Clean Technology Strategy

The Global Clean Technology Strategy, available in the form of a mutual fund, seeks capital appreciation and long-term growth. The Strategy allocates its investments primarily in common stocks around the world that will benefit from the expected growth in spending and investment in energy efficient and “clean” technologies, innovations, and solutions. The Strategy will generally invest in four clean technology groups including: “Alternative Energy,” “Resource Conservation,” “Clean Water,” and “Clean Environment.” Securities are selected based on their expectations for long term capital appreciation. The Strategy may invest in companies of all sizes and industries as well as in “growth” stocks and “value” stocks. The Strategy’s holdings may be focused at times among a small number of securities that we feel represent “best-in-class” companies from among the investable universe of stocks. The Strategy selects equity securities on a company-by-company basis primarily through the use of fundamental analysis.

### Hedged Equity Strategy

The Hedged Equity Strategy, available in a mutual fund format or a separately managed account format, seeks capital appreciation and income (or “total return”). Hedged Equity Strategy establishes long and short positions in common stock and other equity securities. The Strategy will generally try to maintain equal weightings of gross long exposure and gross short exposure. “Short exposure” refers to the practice of borrowing shares of a stock and selling those shares to another party. The “short-seller” is obliged to eventually buy the shares back (“cover the short sale”) to return to the lender. The goal of a short-seller is to buy the shares back at a price lower than that received from selling the borrowed shares, profiting from the difference in price. Therefore, short-sellers attempt to find stocks that may be vulnerable to a price decline. The Strategy will invest in companies of all sizes and industries as well as in “growth” stocks and “value” stocks. The Strategy utilizes a disciplined, unemotional, quantitative investment approach that is based on the belief investors can achieve superior investment performance through group selection. In investing in common stock and other equity securities for the Strategy’s long equity positions, the Strategy generally uses the Select Industries Strategy. The Strategy may also use other quantitative investment strategies, including but not limited to, a quantitative investment approach that is based on the belief that in all market conditions there will exist some companies which are poised to outperform the market (Select Equities Strategy) and the Undervalued & Unloved Strategy, in varying proportions depending on market conditions. In investing in common stock and other equity securities for the Strategy’s short equity positions, the Strategy generally uses the AdvantHedge Strategy.

### Global CleanTech Opportunity Strategy

The Global CleanTech Opportunity Strategy, available in the form of a separately managed account, seeks capital appreciation and long-term growth. The Strategy allocates its investments primarily in common stocks around the world that can benefit from the expected growth in spending and investment in energy efficient and “clean”

technologies, innovations, and solutions. The Strategy will hold both long and short positions, and will strive to be no more than 60% long or 60% short in most market conditions. The Strategy will generally invest in four clean technology groups including: “Alternative Energy,” “Resource Conservation,” “Clean Water,” and “Clean Environment.” Securities in the long portion of the Strategy are selected based on their expectations for long term capital appreciation. The Strategy may invest in companies of all sizes and industries as well as in “growth” stocks and “value” stocks. The Strategy’s long holdings may be focused at times among a small number of securities that we feel represent “best-in-class” companies from among the investable universe of stocks. The Strategy selects equity securities on a company-by-company basis primarily through the use of fundamental analysis.

#### AdvantHedge Strategy

The AdvantHedge Strategy, available in a separately managed account, or mutual fund format (the mutual fund format is known as the Grizzly Short Fund), seeks capital appreciation. Please note that this strategy is no longer open to new investors in a separately managed account format. The Strategy sells stocks short. Short selling involves the sale of borrowed securities. When the Strategy sells a stock short, it incurs an obligation to replace the stock borrowed at whatever its price may be at the time it purchases the stock for delivery to the securities lender. The Strategy will realize a gain if at that time the price of the stock is less than the price of the stock when it was sold short, and will realize a loss if at that time the price of the stock is greater than the price of the stock when it was sold short. The aggregate amount of its outstanding short positions typically will be approximately equal to, or slightly less than, its net assets. When the Strategy’s outstanding short positions equal its net assets, it is “100% short.” The Strategy utilizes a disciplined, unemotional, quantitative investment approach. The Strategy believes that in all market conditions there will exist some companies whose stocks are overvalued by the market and that capital appreciation can be realized by selling short those stocks. However, the best overall results typically will be achieved in declining stock markets. In rising stock markets the risk of loss is likely.

#### Leuthold Private Strategy

The Leuthold Private Strategy, available in the form of the private investment fund, seeks capital appreciation and income (or “total return”). Preservation of capital is a priority of the Strategy. The Leuthold Private Strategy will incorporate many of the resources and disciplines of the existing tactical asset allocation strategies of The Leuthold Group, LLC, but may incorporate a more eclectic approach. The Strategy may have exposure to equities, fixed income, commodity and currency proxies, and other asset classes in both domestic and foreign markets. The allocation of assets among the various types of investments will be based upon the research and market opinions of the Portfolio Manager, Steve Leuthold, assisted by other professionals at The Leuthold Group. All equities, fixed income and other assets in the Strategy will be domestically traded, so foreign exposure will be gained via mutual funds, ETFs, ETNs, ADRs, ADSs, or other vehicles that become available and are traded on domestic exchanges. Exposure to



commodity and currency proxies will be gained through ETFs or mutual funds. The Strategy will use ETFs in lieu of any futures or options positions that the Portfolio Manager may consider, and will not use leverage. At times the Strategy may choose to reduce investment exposure by hedging. The Strategy will not directly short securities, so reducing investment exposure will be gained by buying short ETFs, the Grizzly Short Fund, or other short vehicles that may become available and are traded on domestic exchanges.

**Please note that investing in any of the above strategies involves risk of loss that clients should be prepared to bear.**

The material risks of investing in each strategy are summarized in the tables below. Detailed descriptions of each risk are listed after the tables.

Table 1 – Summary of Material Risks Per Strategy

	Core	Asset Allocation	Global	Select Industries	Select Equities	Undervalued & Unloved
A. Market Risk	X	X	X	X	X	X
B. Interest Rate Risk	X	X	X			
C. Credit Risk	X	X	X			
D. Foreign Securities Risk	X	X	X	X	X	X
E. Short Sales Risk	X	X	X			
F. High Portfolio Turnover Risk	X	X	X	X	X	
G. Asset Allocation Risk	X	X	X			
H. Quantitative Investment Approach Risk	X	X	X	X	X	X
I. Value Investing Risk						X
J. Smaller & Medium Capitalization Companies Risk						X
K. Manager Risk						
L. Sector & Industry Risk						
M. Emerging Market Securities Risk						
N. Derivatives Risk						
O. Rising Stock Market Risk						

Table 2 – Summary of Material Risks Per Strategy

	Global Industries/ Global Equities	Global Clean Technology	Hedged Equity	Global CleanTech Opportunity	Advant-Hedge	Private
A. Market Risk	X	X	X	X	X	X
B. Interest Rate Risk						X
C. Credit Risk						X
D. Foreign Securities Risk	X	X	X	X		X
E. Short Sales Risk			X	X	X	X
F. High Portfolio Turnover Risk	X		X	X	X	X
G. Asset Allocation Risk						X
H. Quantitative Investment Approach Risk	X		X		X	
I. Value Investing Risk						
J. Smaller & Medium Capitalization Companies Risk		X	X	X	X	
K. Manager Risk		X	X	X		X
L. Sector & Industry Risk		X		X		
M. Emerging Market Securities Risk		X		X		
N. Derivatives Risk			X			
O. Rising Stock Market Risk					X	

**A. Market Risk:** The prices of the securities, particularly the common stocks, in which the Strategy invests may decline for a number of reasons. The price declines of common stocks, in particular, may be steep, sudden, and/or prolonged.

**B. Interest Rate Risk:** In general, the value of bonds and other debt securities falls when interest rates rise. Longer term obligations are usually more sensitive to interest rate changes than shorter term obligations. While bonds and other debt securities normally fluctuate less in price than common stocks, there have been extended periods of increases in interest rates that have caused significant declines in bond prices.

**C. Credit Risk:** The issuers of the bonds and other debt securities held by the Strategy or by the mutual funds in which the Strategy invests may not be able to make interest or principal payments. Even if these issuers are able to make interest or principal payments, they may suffer adverse changes in financial condition that would lower the credit quality of the security, leading to greater volatility in the price of the security.

**D. Foreign Securities Risk:** The securities of foreign issuers may be less liquid and more volatile than securities of comparable U.S. issuers. The costs associated with securities transactions are often higher in foreign countries than the U.S. The U.S. dollar value of foreign securities traded in foreign currencies (and any dividends and interest earned) held by the Strategy or by mutual funds in which the Strategy invests may be affected favorably or unfavorably by changes in foreign currency exchange rates. An increase in the U.S. dollar relative to these other currencies will negatively impact the Strategy. Additionally, investments in foreign securities, even those publicly traded in the United States, may involve risks which are in addition to those associated with domestic

investments. Foreign companies may not be subject to the same regulatory requirements of U.S. companies, and as a consequence, there may be less publicly available information about such companies. Also, foreign companies may not be subject to uniform accounting, auditing, and financial reporting standards and requirements comparable to those applicable to U.S. companies. Foreign governments and foreign economies often are less stable than the U.S. Government and the U.S. economy.

**E. Short Sales Risk:** The Strategy will suffer a loss if it sells a security short and the value of the security rises rather than falls. It is possible that the Strategy's long positions will decline in value at the same time that the value of its short positions increase, thereby increasing potential losses to the Strategy. Short sales expose the Strategy to the risk that it will be required to buy the security sold short (also known as "covering" the short position) at a time when the security has appreciated in value, thus resulting in a loss to the Strategy. The Strategy's investment performance will also suffer if it is required to close out a short position earlier than it had intended. In addition, the Strategy may be subject to expenses related to short sales that are not typically associated with investing in securities directly, such as costs of borrowing and margin account maintenance costs associated with the Strategy's open short positions. These expenses may negatively impact the performance of the Strategy. Short positions introduce more risk to the Strategy than long positions (purchases) because the maximum sustainable loss on a security purchased (held long) is limited to the amount paid for the security plus the transaction costs, whereas there is no maximum attainable price of the shorted security. Therefore, in theory, securities sold short have unlimited risk.

**F. High Portfolio Turnover Risk:** The Strategy's annual portfolio turnover rate generally exceeds 100%. (Generally speaking, a turnover rate of 100% occurs when the Strategy replaces securities valued at 100% of its average net assets within a one year period.) High portfolio turnover (100% or more) will result in the Strategy incurring more transaction costs such as brokerage commissions or mark-ups or mark-downs. Payment of those transaction costs reduces total return. High portfolio turnover could result in the payment by the Strategy's shareholders of increased taxes on realized gains. Distributions to the Strategy's shareholders, to the extent they are short term capital gains, will be taxed at ordinary income rates for federal income tax purposes, rather than at lower capital gains rates.

**G. Asset Allocation Risk:** The Strategy's performance will also be affected by the Adviser's ability to anticipate correctly the relative potential returns and risks of the asset classes in which the Strategy invests. For example, the Strategy's relative investment performance would suffer if only a small portion of its assets were allocated to stocks during a significant stock market advance, and its absolute investment performance would suffer if a major portion of its assets were allocated to stocks during a market decline. Finally, since the Strategy intends to assume only prudent investment risk, there will be periods in which the Strategy underperforms mutual funds that are willing to assume greater risk.

**H. Quantitative Investment Approach Risk:** The Strategy utilizes a quantitative investment approach. While the Adviser continuously reviews and refines, if necessary, its investment approach, there may be market conditions where the quantitative investment approach performs poorly.

**I. Value Investing Risk:** The Strategy invests in “value” stocks of companies of all sizes and industries. The Strategy’s portfolio managers may be wrong in their assessment of a company’s value and the stocks the Strategy holds may not reach what the portfolio managers believe are their full values. From time to time “value” investment approaches fall out of favor with investors. During those periods, the Strategy’s relative performance may suffer.

**J. Smaller and Medium Capitalization Companies Risk:** The securities of smaller capitalization companies are generally riskier than larger capitalization companies since they don’t have the financial resources or the well established businesses of the larger companies. Generally, the share prices of stocks of smaller capitalization companies are more volatile than those of larger capitalization companies. The returns of stocks of smaller capitalization companies may vary, sometimes significantly, from the returns of the overall market. Smaller capitalization companies tend to perform poorly during times of economic stress. Finally, relative to large company stocks, the stocks of smaller capitalization companies may be thinly traded, and purchases and sales may result in higher transaction costs. The securities of medium capitalization companies generally trade in lower volumes than those of large capitalization companies and tend to be more volatile because medium capitalization companies tend to be more susceptible to adverse business or economic events than larger more established companies.

**K. Manager Risk:** The Strategy is actively managed and its performance therefore will reflect in part the ability of the Strategy’s portfolio managers to make investment decisions that are suited to achieving the Strategy’s investment objective. The Strategy could underperform other funds with similar investment objectives.

**L. Sector and Industry Risk:** The Strategy’s overall risk level will depend in part on the market sectors and industries in which the Strategy is invested. The Strategy may overweight or underweight certain companies, sectors, or industries, which may cause the Strategy’s performance to be more or less sensitive to developments affecting those companies, sectors, or industries.

**M. Emerging Market Securities Risk:** The Strategy may invest in foreign securities issued by companies located in developing or emerging countries. Investing in emerging market securities imposes risks different from, or greater than, risks of investing in foreign developed countries. These risks include: smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible repatriation of investment income and capital. Also, inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries. Additional risks of emerging markets securities may include:

greater social, economic, and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organized and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal systems. In addition, emerging securities markets may have different clearance and settlement procedures, which may be unable to keep pace with the volume of securities transactions or otherwise make it difficult to engage in such transactions. Settlement problems may cause the Strategy to miss attractive investment opportunities, hold a portion of its assets in cash pending investment, or be delayed in disposing of a portfolio security. Such a delay could result in possible liability to a purchaser of the security.

**N. Derivatives Risk:** A small investment in derivatives could have a potentially large impact on the Strategy's performance. The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. Derivatives can be highly volatile, illiquid, and difficult to value, and there is a risk that changes in the value of a derivative held by the Strategy will not correlate with the Strategy's other investments.

**O. Rising Stock Market Risk:** The Strategy typically will be approximately "100% short." Accordingly, in rising stock markets its risk of loss will be greater than in declining stock markets. Over time stock markets have risen more often than they have declined.

#### **Item 9: Disciplinary Information**

There have been no disciplinary actions against Leuthold or any of its employees within the last ten years by:

- Any domestic, foreign, or military court,
- The SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority, or
- Any self-regulatory organization (SRO).

#### **Item 10: Other Financial Industry Activities and Affiliations**

Weeden Investors, L.P., an equity owner of Leuthold, owns Weeden & Co., L.P. ("Weeden"), an SEC registered broker-dealer which executes securities transactions, and is the distributor for The Leuthold Group Institutional Research. Subject to our duty of best execution, we intend to place a significant amount of all securities transactions through Weeden as agent, and clients will pay customary and competitive brokerage commissions and fees. Certain limited partners of Leuthold are limited partners in Weeden. The limited partners of Weeden receive indirect compensation as a result of the commission payments from Leuthold's client transactions through Weeden, thus creating a conflict of interest.

Leuthold Weeden Hedge LLC, a Delaware limited liability company, a related person of Leuthold, is the general partner and investment manager (the “General Partner”) of AdvantHedge Fund, L.P., Leuthold CC Fund, L.P., and Leuthold Global Equities, L.P. (the “Private Investment Funds”). The General Partner is applying for registration as an investment adviser with the SEC. Leuthold is the owner of the General Partner. The General Partner has sole responsibility for the management of the Private Investment Funds’ investment portfolios, administration, and business affairs. The General Partner does not receive a management fee or a performance-based fee with respect to assets invested in the Private Investment Funds through accounts managed by us. However, the General Partner does receive performance-based fees with respect to other assets invested in the AdvantHedge and Leuthold CC Private Investment Funds. Thus, we have an incentive to cause the General Partner, through individuals with common ownership in, and common control over, us and the General Partner, to allocate the best investment opportunities to the Private Investment Funds and effect trades for the Private Investment Funds prior to our clients which creates a conflict of interest. In order to address this conflict of interest, we have policies and procedures in place to ensure that the Private Investment Funds, mutual funds, and separately managed accounts that are managed pursuant to the same investment strategy are treated the same with respect to allocation and timing of trades, so long as we determine that the same trades are appropriate for each product.

We may, from time to time, recommend to our clients the purchase of shares in the various mutual funds and separately managed funds for which we provide investment advisory services. Consequently, we have a conflict of interest when we make such recommendations. In addition, we will recommend the purchase of shares of the Grizzly Short Fund to separately managed account clients in order for clients to gain exposure to short positions. Without the trading efficiencies offered by investments in the Grizzly Short Fund, separately managed account clients with relatively small accounts would incur transaction costs that would be too high to justify exposure to short positions. We also serve as the investment adviser to the Grizzly Short Fund and receive a fee for such services based on the Fund’s average daily net assets at the annual rate of 1.25%. Where separately managed account clients’ funds are invested in the Grizzly Short Fund, we will offset the separate account fees by assets in the account that are invested in the mutual fund. This fee offset will be calculated based on the average investment in the mutual fund during the quarter multiplied by the mutual fund's investment advisory fee rate.

We generally retain a limited power of attorney with respect to the trading activity of accounts managed. Accordingly, we generally exercise full discretion as to brokerage placement and securities purchased and sold and the amount of such transactions. Investment limitations may be placed by the client as outlined in the investment advisory agreement of separately managed accounts.

Weeden is an SEC registered broker-dealer, and is a member of:

- The Financial Industry Regulatory Authority (“FINRA”),
- NASDAQ Stock Market,

- Certain other exchanges, and
- SIPC.

Weeden conducts institutional brokerage business in listed securities. Internal controls and procedures of Weeden require that:

- all transactions be executed as if they were at arm's length;
- commissions be limited to normal and customary fees;
- all transactions constitute "best execution" and be in full compliance with SEC and FINRA rules and regulations, and
- customers' best interests come before the interests of Weeden and its affiliates.

Consistent with our duty to obtain best execution, we believe that the execution services we receive from Weeden are at least equal in value to the execution services we would receive for comparable services from a broker having no relationship with us. We check for best execution by conducting ongoing analyses of client transactions and periodic surveys of market commission rates based on volume, value, and execution services.

Weeden may receive revenue in the form of "liquidity rebates" which are payments from electronic communication networks ("ECNs") where fund trades are directed by Weeden for execution as an incentive for providing liquidity to the ECN. Leuthold receives and reviews the overall fees and rebates received by Weeden for the purpose of helping it analyze the execution strategy utilized by Weeden, but not for the purpose of determining the reasonableness of commissions. So long as it is in the best interest of our clients, we anticipate that we will continue to execute a significant amount of all of our equity transactions through Weeden. In doing so, we have a conflict of interest between our fiduciary duty to obtain best price and execution and to execute no more than the appropriate number of securities transactions, and our interest in maximizing Weeden's revenue by paying higher commission charges and executing trades frequently. We will also use other broker-dealers when appropriate to obtain competitive rates and/or access to a wide range of information.

We do not consider our facilities to be wholly adequate for the conduct of over-the-counter trading and believe that, in some instances, better execution may be obtained through use of brokers, including Weeden, rather than direct dealing with primary market makers. Thus, we pay, in some instances, both the dealer's mark-up or mark-down and the broker's commission.

We provide market research to institutional clients for an agreed upon payment. Institutional research is also distributed through Weeden and other broker-dealers who may effect securities transactions for our clients. Weeden and the other broker-dealers typically provide our institutional research to their brokerage customers. Weeden and the other broker-dealers pay us a fee for the research that is based on the amount of the research purchased by the broker-dealer. In 2011, in excess of 65% of the institutional research sold by Leuthold was institutional research distributed by Weeden. A broker's

willingness to distribute our institutional research is not a factor considered by us in determining which broker-dealers it selects to effect securities transactions for our clients.

We may provide certain parties with research publications published by us for no fee. The research publications provide these parties with the basis for the investment strategies employed by us in managing portfolios in which these parties may have invested client funds.

### **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

As stated in our Code of Ethics, our employees and owners may not benefit personally or trade for their own accounts on the basis of material non-public information. Nor may they trade while in possession of information that is in any way related to our activities in securities prior to reasonable distribution of such information to our clients.

We have established a personal trading policy which includes blackout periods, holdings periods, and approval processes for those employees who wish to trade equity securities in their personal accounts. Our employees and owners cannot trade in their personal accounts those equity securities (other than ETFs) which are invested in client accounts managed by us. Our employees and owners may trade ETFs in their personal accounts with prior approval and compliance with the established holding period. Employees and owners must obtain approval from Leuthold's Compliance Department in order to trade equity securities and proprietary mutual funds in their personal accounts. To monitor personal securities transactions, all employees and owners must arrange for their brokers to send duplicate statements to Leuthold's Compliance Officer for review.

Our employees and owners must obtain prior approval to acquire direct or indirect beneficial ownership of a limited offering which is defined in our Code of Ethics as an offering exempt from registration under the Securities Act of 1933. Our employees and owners are prohibited from purchasing or selling securities in which Leuthold Funds, Inc. and any series of Leuthold Funds, Inc. may have a pending buy or sell order, until the pending order is filled or withdrawn. Employees and owners shall not receive or give any gift or other thing of more than de minimis value from any person or entity that does business with or on behalf of our firm.

A copy of our Code of Ethics is available upon request.

### **Item 12: Brokerage Practices**

Our overriding objective in selecting broker-dealers for effecting portfolio transactions for client accounts is to obtain the best combination of price and execution. The best net price is an important factor, but we also consider the full range and quality of a broker-dealer's services, including the value of research provided; execution, clearance, and settlement capabilities; commission rates; financial responsibility; length and quality of the business relationship with us; our trust and confidence in the broker-dealer; and



responsiveness to us. Certain broker-dealers who provide best execution may also furnish us investment research, such as analyses, reports concerning issuers, industries, and the economy for use in managing portfolios. We may use these broker-dealers to effect securities transactions in return, in part, for investment research. Investment research furnished by broker-dealers is used in servicing all accounts and may not necessarily be used in connection with the accounts that paid commissions to the broker-dealers providing such research. Please also see Item 10 regarding our affiliation with Weeden.

When we use client brokerage commissions (or markups or markdowns) to obtain research, we receive a benefit because we do not have to produce or pay for the research. Thus, we may have an incentive to select or recommend a broker-dealer based on the receipt of research, rather than the client's interest in receiving most favorable execution.

The procedures used to direct client transactions to a particular broker-dealer in return for soft dollar benefits (services received through commission revenue, as opposed to a direct payment) include developing a soft dollar budget for the year and then allocating trades throughout the year to designated soft dollar brokers.

A client may direct us to use a particular broker-dealer other than Weeden. Under those circumstances, we may not be authorized to negotiate commissions and may not be able to obtain volume discounts or best execution. In addition, under those circumstances, a disparity in commission charges may exist between the commissions charged to clients who direct us to use a particular broker-dealer and those clients who do not.

In the event that we determine that a particular security is an appropriate investment for more than one client, a single "bunched" order may be placed for the total number of securities to be purchased. In a bunched order, shares are allocated among the individual accounts prior to being placed with the broker-dealer. Individual client accounts participating in bunched trades are charged averaged brokerage commission rates and receive the averaged price on the execution of the trade. In the event that a bunched trade is not completed in one day, the completed amount is allocated as a percentage of each account's portion of that trade. However, if the shares remaining to be traded for an account fall below 500 shares, these smaller trades are allocated first in an attempt to avoid excess trading costs. Also, in an attempt to avoid excess trading costs, we retain the right to allocate trades that are filled at an amount of 10% or less on a trade day to our largest account. On certain foreign exchanges where we purchase securities, bunched orders are not allowed.

### **Item 13: Review of Accounts**

We invest money according to the separate strategies we have developed (the listing of strategies is contained in Item 8), and do not develop customized portfolios tied to the needs and desires of an individual client. Our management reviews the performance of accounts invested within a single strategy on a daily basis.

Client accounts are under continuous review to maintain portfolios in line with Leuthold's investment methodology. Reviews are conducted by members of the Investment Committee which consists of the Chief Investment Officer of Leuthold and Portfolio Manager, Douglas Ramsey; Portfolio Managers, Andrew Engel, Steven C. Leuthold, Matthew Paschke, Greg Swenson, David Kurzman, Chun Wang and Eric Weigel; Senior Research Analyst, Jun Zhu; and Research Analyst, Kristen Hendrickson.

Separately managed account clients receive from us and the custodian, at a minimum, a quarterly portfolio valuation report, position inventory and activity report, and confirmation of each transaction. Separately managed account clients may also receive periodic publications we produce. Other year-to-date performance reports (for example, realized/unrealized gains/losses), are generated per client request.

Clients invested in our private investment fund receive quarterly reports of their account activity and value directly from the administrator of the fund. Private investment fund clients also receive audited financial statements of the fund annually.

Mutual fund clients receive quarterly statements of their holdings and activity directly from the administrator of the mutual fund. Mutual fund clients also receive quarterly updates on the fund's performance and strategy from Leuthold. Finally, mutual fund clients receive semi-annual and annual financial statements for the funds.

#### **Item 14: Client Referrals and Other Compensation**

We do not compensate other individuals or institutions for referring private investment fund or separately managed account clients to us.

Leuthold mutual funds purchased through a broker-dealer or other financial institution (such as a bank), may result in a payment to the salesperson or institution for the sale of the funds and related services. These payments may create a conflict of interest by influencing the salesperson or institution to recommend the Leuthold mutual funds over another investment.

#### **Item 15: Custody**

We do not maintain physical custody of client assets. However, as the Manager to the private investment fund, we may be considered to have custody of the private investment fund's assets.

Clients in mutual funds and the private investment fund offered by Leuthold will receive statements directly from the outside fund administrator, and should review those statements carefully.

Clients in separately managed accounts we offer will receive statements from the custodian, as well as statements from us. Clients should compare the statements they receive from the custodian to the statements received from us.

### **Item 16: Investment Discretion**

We have investment discretion over the accounts we manage for clients (that is, we make the decisions regarding the securities we will purchase on behalf of the client). Separately managed account clients may set limits on this investment discretion by specifying certain securities that they do not want held in their account, or by setting other limits, subject to agreement by us. Our authority to exercise investment discretion is agreed to in advance by the client through the terms of our investment management agreement with the client. Mutual fund clients and private investment fund investors cannot set limits on our investment discretion.

### **Item 17: Voting Client Securities**

We vote proxies for clients by generally following the so-called “Wall Street Rule” (that is, we vote as management recommends or sell the stock prior to the meeting). We believe that following the “Wall Street Rule” is consistent with the economic best interests of our clients. When management makes no recommendation, we will not vote proxies unless we determine the failure to vote would harm our clients. If we determine that the failure to vote would harm our clients, we will vote for what we believe are the economic best interests of the client. We monitor proxy proposals just as we monitor other corporate events affecting the companies in which our clients invest. We will “echo” vote (that is, vote for and against the proposal in the same proportion as all other shareholders) shares of investment companies that we own inside the Leuthold mutual funds. There may be instances where our interests may conflict or appear to conflict with the interests of our clients. For example, we may manage a pension plan of a company whose management is soliciting proxies and there may be a concern that we would vote in favor of management because of our relationship with the company. In such situations we will “echo” vote the securities.

Clients with separately managed accounts may elect to vote all proxies themselves. Clients in mutual funds or investors in our private investment fund will have proxies voted by us, as described above. Mutual fund clients may obtain information on how we voted proxies by referring to our N-PX filing on the SEC’s web site ([www.sec.gov](http://www.sec.gov)), or by calling 800-273-6886. Separately managed account clients and private investment fund investors may obtain information on how we voted proxies by calling 612-332-9141. Mutual fund clients may obtain a copy of our proxy voting policies by calling 800-273-6886. Separately managed account clients and private investment fund investors have our proxy voting policy mailed to them annually, and may also obtain a copy by calling 612-332-9141.

### **Item 18: Financial Information**

There are no financial issues that are likely to impair our ability to meet our contractual commitments to clients.

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