

DEARBORN PARTNERS

Institutional Client Brochure/Part 2A of SEC Form ADV

August 15, 2012

For Dearborn Clients That Are Employee Benefit Plans and Other Financial Institutions

Dearborn Partners, L.L.C.

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This brochure (the "Institutional Client Brochure" or "Brochure") provides information about the qualifications and business practices of Dearborn Partners, L.L.C. ("we" or "Dearborn"), with respect to existing and prospective Dearborn clients that are financial institutions, such as Taft-Hartley and governmental employee benefit plans.

This Institutional Client Brochure is delivered to you pursuant to Rule 204-3 under the Investment Advisers Act of 1940, in connection with our annual update of the Brochure, for 2012. If you have any questions about the Brochure's contents, contact Jeffrey Simmons of Dearborn, at jimmons@dearbornpartners.com, or (312) 795-1000. (Contact Luke Knecht of Dearborn, at lknecht@dearbornpartners.com, for questions about our Controlled Duration Management strategy.)

The information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the "SEC") or any state securities authority. Additional information about us is available on the SEC's website at www.adviserinfo.sec.gov. Our registration with the SEC as an investment adviser does not imply a certain level of skill or training.

In addition to this Institutional Client Brochure, we also maintain an Individual Client Brochure for our existing and prospective clients that are high net worth individuals, individual retirement accounts (IRAs), estate planning trusts and similar entities ("Individual Clients"). If you have received this Institutional Client Brochure but are an existing or prospective Individual Client, you should ask us to send you the Individual Client Brochure.

This Institutional Client Brochure is necessarily general in nature and qualified by any disclosure materials for the Dearborn program in which you participate or are considering, which you should study before investing or making other investment decisions regarding the program. In

addition, if you would like more detailed information about any matter addressed herein, we welcome you to contact us.

Any statements herein that are not historical facts are based on our current expectations, speak only as of the date of this Brochure, and are susceptible to various risks and uncertainties. The actual results of our investment programs may differ materially from results that might be inferred from such forward-looking statements.

Many factors could cause such differences, including dislocations in the markets where we trade, illiquidity and volatility in those markets, changes in interest rates or the general economy, changes in governmental regulations or taxation rates, the availability of investment opportunities, and the degree and nature of our competition. New risks and uncertainties may occur. We cannot predict them or how they may affect our investment programs. We assume no obligation to update any forward-looking statements except as required by federal securities laws.

The information herein is current as of the date hereof. The delivery of this Brochure after that date does not imply the Brochure is current as of that later date.

Item 2. Material Changes

This update of the Institutional Client Brochure contains several clarifying amendments to the previous version of the Brochure (the 2012 Annual Update). We do not consider any of the amendments to be material.

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Accompanying Document--Part 2B of the Brochure (the Brochure Supplement)

Item 4. Advisory Business

We are a Chicago-based investment adviser that has provided investment advisory services to clients since 1997. As of January 1, 2012, we managed approximately \$2 billion of client assets (approximately \$1.9 billion on a discretionary basis), primarily for institutional clients such as Taft-Hartley benefit plans and public pension plans.

Our principal owners are Jeffrey Simmons, Cal Pederson, George Jameson, Wayne Stevens and Jerome Hickey. Our headquarters office is located at 200 W. Madison Street, Suite 1950, Chicago, Illinois 60606. We also have an office at 221 N. LaSalle Street, Chicago, where some of our investment teams are located.

We tailor our advisory services to your individual needs, through a general planning and discussion process with you. You may generally impose restrictions on the specific securities or types of securities that are to be bought for your account.

We provide a variety of investment strategies—designed to meet the needs of most institutional investors. The strategies include:

Domestic Equity

- **Large Cap Value**—applies a fundamental, bottom-up selection process to a universe of approximately 600 companies with market capitalizations exceeding \$3 billion; screens the potential companies for dominant market positions, sustained high return on capital, free cash flow and other factors; the final portfolio consists of approximately 25-35 companies.
- **Large Cap Growth**—invests mainly in companies with market capitalization exceeding \$5 billion; objective is longer-term average returns that meet or exceed the Russell 1000 Growth index; seeks companies that have the potential to grow earnings at a faster than average rate; long-term investment horizon; usually fully invested, in 40-45 companies.
- **Large Cap Core**—applies fundamental business and macroeconomic analyses to U.S.-traded securities of companies with market capitalizations above \$5 billion; companies are screened for balance sheet strength, free cash flow generation, improving returns on capital, and shareholder value creation; the portfolio typically holds between 35-45 securities
- **Mid Cap Growth**—invests in medium sized companies with leadership positions in their industries; seeks companies capable of producing above average growth in various market environments; focuses on companies with market capitalization of \$2 billion to \$15 billion;

generally limits any one sector to 30% of the portfolio or double the weighting of the applicable sector in the Russell Mid Cap Growth Index.

- **Small Cap Value**—invests in a diversified portfolio of small market capitalization companies; typically holds 45-55 equity positions and cash positions of less than 10%.
- **Small Cap Focus (Concentrated) Value**—invests in a concentrated portfolio of small-capitalization companies; uses a non-diversified, conviction style of investment, typically holding 15 to 25 equity positions and cash positions of less than 10%.
- **Opportunistic (All Cap) Value**—invests in a diversified portfolio of companies, across the entire market capitalization spectrum; typically holds 45-70 equity positions and cash positions of less than 10%.

International Equity

- **Labor-Sensitive International Equity**—seeks to capitalize on inefficiencies within and between international equity markets, to produce incremental returns; uses a significant overweighting/underweighting relative to global markets while spreading risk through country diversification; invests in a concentrated number of securities; specifically created for clients sensitive to labor issues; all portfolios follow and monitor the AFL-CIO Country Watch List and screening process.

Fixed Income

- **Intermediate Government/Credit**—uses a duration-neutral, risk-controlled approach; purchases U.S. dollar-denominated investment grade securities; the duration of each portfolio is set to equal the Barclays Capital Intermediate U.S. Government/Credit Bond Index; incremental value is sought through yield-curve positioning, sector allocation, security selection and competitive trade execution.
- **Short Term Fixed Income**—uses a duration-neutral, risk-controlled approach, and purchases U.S. dollar-denominated investment grade securities.; the duration of each portfolio is set to equal the Barclays Capital 1-3 Year U.S. Government/Credit Bond Index; incremental value is sought through yield-curve positioning, sector allocation, security selection and competitive trade execution.
- **Core Aggregate**—uses a duration-neutral, risk-controlled approach; purchases U.S. dollar-denominated investment grade securities; the duration of each portfolio is set to equal the Barclays Capital Aggregate Bond Index; incremental value is sought through yield-curve positioning, sector allocation, security selection and competitive trade execution.
- **Core Plus Fixed Income**—uses a duration-neutral, risk-controlled approach; purchases U.S. dollar-denominated investment grade securities with up to 20% in non-investment grade debt; the duration of each portfolio is set to equal the Barclays Capital U.S. Universal Bond Index; incremental value is sought through yield-curve positioning, sector allocation, security selection and competitive trade execution.
- **Controlled Duration Management**—a customized, absolute return, duration management strategy; uses U.S. treasury securities; seeks to produce a positive return over specific time periods regardless of the directional move in interest rates; seeks to produce positive results in both rising and falling interest rate environments by dynamically managing the duration of the portfolio.

Our strategies focus on publicly-traded equity and debt securities. The equity securities may include common stock, preferred stock, warrants and shares of equity mutual funds. The debt securities may include government and government agency debt, corporate bonds, commercial paper, certificates of deposit, and money market mutual funds.

We do not currently engage in business activities other than investment management (and related investment counseling), nor do we provide financial planning or similar services.

We provide some of our institutional strategies through other SEC-registered investment advisers, which we select to directly manage your account, subject to our monitoring and supervision. Our selection of the sub-adviser will be based on your investment needs, and will be discussed with you. If we select a sub-adviser for your Dearborn account, we will provide you with the sub-adviser's ADV Part 2A Brochure, which you should review in addition to our Brochure. We will be glad to answer any questions you have about the sub-adviser. The sub-advising of your account will not cause you to pay any increased or additional advisory fee, as discussed below.

If you are an ERISA-regulated benefit plan and your account is sub-advised, you will receive the additional benefit that both we and the sub-adviser will be "fiduciaries" and "investment managers" to your account for purposes of ERISA, and will manage your account in accordance with ERISA.

Item 5. Fees and Compensation

We are compensated for our advisory services from the advisory fees we agree upon with you. These fees are generally management (asset-based) fees. We do not currently charge performance-based fees and do not expect to do so in the future. Our asset-based fees generally range from 0.3%-1.0% of account assets on an annual basis, depending on the strategy and the amount of account assets. We generally reduce the fee on account assets exceeding specified levels.

We generally charge our advisory fees either by deducting the fees directly from your account or invoicing you for payment. (As noted below, we also receive our advisory fee from the sub-adviser when you access the sub-adviser's strategy by investing in a mutual fund managed by the sub-adviser.) You may select either method. We generally charge our fees quarterly. Direct billing may not be available for all retirement accounts subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or an individual retirement account ("IRA") subject to the Internal Revenue Code (collectively, "Retirement Accounts").

We charge our advisory fees in advance in some cases and in arrears in others. You may elect either method. If we charge in advance and you terminate the account before the end of the fee period, we will promptly refund to you the pro-rated portion of the fee.

In addition to paying our advisory fees, you will also pay other customary securities account fees in connection with the operation of your account, mainly brokerage commissions, custodial fees, wrap fees if you are a wrap fee client, and dealer mark-ups in the case of non-exchange traded securities. In addition, if you invest in a sub-adviser's mutual fund, you will also be subject to the

advisory, administrative and other fees charged by the mutual fund to investors in the share class of the mutual fund in which you have invested.)

For our Controlled Duration Management strategy, fees may be charged on a gross, net or notional market value as agreed between you and us.

If your Dearborn account is sub-advised to one of our sub-advisers, the sub-adviser's fees will be paid solely by us, from the advisory fees you pay us for managing your account. We do not believe this arrangement creates any conflict of interest for us (i.e., an incentive to select a sub-adviser based on the fees we can negotiate with them rather than other factors) because we follow standard industry practice of paying sub-advisers 50% of our fees. You will not pay a higher advisory fee as a result of your account being sub-advised.

The advisory fee paid by you will be as agreed to between you and us. The fee will be based on various factors, such as the strategy you choose, the size of your account, and any particular services you request. Your fee may differ from the fees of other Dearborn clients in the same strategy.

In the case of some sub-advised accounts, we may arrange with you to access the sub-adviser's strategy by investing in a mutual fund managed by the sub-adviser. In that case, you will invest in a share class of the mutual fund that charges advisory fees in a specified amount, which will also be the amount agreed to between you and us. That fee will be charged to you at the mutual fund level and paid to the sub-adviser, which will remit half the fee to us. You will not pay any other advisory fee to us.

We will not receive, directly or indirectly, any compensation from managing your account, other than our stated advisory fees. For example, we do not receive any compensation from the broker-dealers through which securities are bought or sold for your account, or from any sub-advisers we select for your account (other than, as noted above, 50% of the advisory fees received by sub-advisers relating to your investment in mutual funds managed by them).

Item 6. Performance-Based Fees, Side-By-Side Management

This item is not applicable to us because we do not currently charge performance-based fees (although we might do in the future).

Item 7. Types of Clients

Our institutional clients consist mainly of Taft-Hartley plans, public pension plans, other employee benefit plans and endowments.

Our requirements for opening and maintaining an institutional account with us generally relate to the nature of the client, the size of the account and the type of investment strategy. There is no specific minimum account size we require, but we typically expect our institutional clients to

have accounts of at least approximately \$5,000,000. Any minimums we may establish in specific cases will reflect various factors, such as the investment strategy.

Item 8. Methods of Analysis, Investment Strategies, Risk of Loss

Methods of Investment Analysis

Our investment approach generally focuses on fundamental analysis of securities. We may also use technical indicators, to assist in the timing of securities purchases or sales. We may consider other factors as well, such as national and international economic and political developments.

Regardless of the investment methodology, or particular strategy, all securities investing involves the risk of significant loss, which you should be prepared to bear.

Our Controlled Duration Management strategy is an absolute return fixed income program that uses duration management strategies based on a quantitative model.

If you would like more detailed information about the investment analysis methods we use for your account, please contact your Dearborn Portfolio Manager.

Investment Strategies

We provide a variety of investment strategies to our institutional clients—focusing on domestic and international equity and domestic fixed income. As noted above, those strategies cover a range of growth, value and core equity programs and several fixed income programs.

Risks of our Investment Strategies

Each Dearborn strategy is subject to general investment risks and risks specific to the Dearborn strategy.

The general risks include those relating to:

- Securities market volatility and liquidity
- Investor sentiment
- Political and economic events
- Investor sentiment
- Possible sustained periods of adverse securities market performance;
- Interest and currency rate fluctuation
- Human and operational errors

Strategy-specific risks of programs that we contract to sub-advisers include those identified in the Brochure of the relevant sub-adviser.

See Appendix A hereto for additional information about the general and strategy-specific risks.

Our Controlled Duration Management strategy is subject to certain of the above risks and also other risks, such as those of trendless government securities markets.

If you would like specific information about the risks of the Dearborn investment strategy that you are using or propose to use, please contact Jeffrey Simmons.

Particular Types of Securities

Our strategies typically do not generally focus on particular types of securities. We generally seek appropriate diversification across various industries.

Item 9. Disciplinary Information

Item 9 requires us to disclose any legal or disciplinary event that is material to a client's or prospective client's evaluation of our advisory business or management integrity. We do not believe there are any such events.

Item 10. Other Financial Industry Activities and Affiliations

We are not registered as, or affiliated with, any securities broker-dealer.

We are a sub-advisor to Clarity Holdings LLC, an investment manager that is affiliated with employees of our Third River Capital Management division.

We are not affiliated with any sub-adviser. We do not receive any compensation, directly or indirectly, from any sub-adviser, whether for selecting the firm as a sub-adviser or otherwise.

Our employees do not currently serve as general partners or managers of investment-related entities, but might do so in the future, and we might solicit our clients to invest in those entities.

The sub-advisers may have financial industry activities and affiliations, as reported in their Brochures.

Item 11. Code of Ethics, Participation or Interest in Client Transactions, Personal Trading

Code of Ethics

We have a Code of Ethics (the "Code") that is a guide to the legal and ethical behavior of our personnel. You may obtain a copy of the Code on request to our Chief Compliance Officer (CCO).

The Code addresses the general responsibilities of our personnel; standards of business conduct; avoidance of conflicts of interest; reporting of personal securities transactions; the reporting

of violations of the Code, any other Dearborn policy or applicable law; political contributions; protection of confidential information; maintenance of data security; equal opportunity for our employees; prohibitions on workplace harassment; proper use of our property; recording of conversations; and recordkeeping.

With specific respect to institutional clients, our Code prohibits our employees from having a personal business relationship with any person who is (or upon election to a public office they are seeking, will be) reasonably likely to be able to influence the initial or continued retention of us as investment manager by the institution. Such persons include benefit plan trustees and consultants that advise plans on selecting investment managers.

Our Code broadly defines a personal business relationship as any personal business dealing (such as a loan or loan guarantee, investment in a business venture, or purchase of an asset), political contribution or gift, of more than a de minimis amount. A personal business relationship includes any direct or indirect political contribution or gift exceeding \$250 in any 12-month period, but excludes reasonable and customary business entertainment.

Participation or Interest in Client Transactions

We do not engage in principal transactions with clients—i.e., we do not, as principal, buy securities from or sell securities to client accounts, and our Code prohibits our employees from doing so.

We or our employees might recommend to clients that they buy securities in which we have a material financial interest, in that we may act as investment adviser to a commingled investment fund that we or our employees recommend to clients. We do not consider this to conflict with our clients' interests, and we would disclose to the client that we receive advisory fees from the fund.

Personal Trading by Related Persons

We do not invest in securities for our own account but we permit our employees to invest for their accounts; they may buy or sell a security at or about the same time that they (a) recommend you buy or sell the security or (b), pursuant to their discretionary investment authority, buy or sell the security for your account.

We believe such investing by our employees helps align our interests with yours, and we do not believe it creates any conflict with your interests. The securities we recommend to or invest in for clients are generally highly liquid. We think it extremely unlikely the market price of those securities will be affected by our clients' transactions, or by the aggregation of our related persons' transactions with the clients' transactions. Accordingly, for example, we believe there is no potential for the "front running" of our securities recommendations or transactions for your account by our related persons.

Nevertheless, as a best practice, our Code prohibits our employees from engaging in any personal securities transaction that may conflict with the interests of our clients, and requires them,

when transacting in a security both for a client account and their own account, to execute the client transaction either at the same time as or before their personal transaction. In addition, we require all employees involved in portfolio management or transaction execution to provide us with the records of such transactions, and we inspect those records for possible improper trades.

Item 12. Brokerage Practices

In some cases we have authority to determine the executing broker to be used for the accounts we manage, and the brokerage commission rate to be paid. The factors we consider in broker selection are mainly the brokers' commission rates, quality and speed of execution, financial condition, and accuracy of reporting. As a result, we might not select the broker with the lowest commission rate. The main factor we consider in determining the reasonableness of the broker's rates is the relationship of those rates to those charged by comparable brokers.

Brokerage for Client Referrals

We do not select or recommend brokers based on whether we receive client referrals from the brokers, but as noted above we do receive investment research benefits from executing brokers we select, as we believe this is in our clients' best interests.

Directed Brokerage

We do not recommend, request or require that you direct us to execute transactions through any specified broker. We do permit you to direct brokerage to specified brokers, but you should understand that this may cause us to be unable to achieve more favorable execution of your securities transactions, and thus may cost you money. For example, by your directing of brokerage, we may be unable to aggregate orders for your account with those of other clients and thereby reduce your transaction costs, or you may receive less favorable prices.

Order Aggregation

We generally aggregate purchase and sale orders for client accounts when we believe such aggregation can result in lower commission rates or more favorable transaction prices.

Item 13. Review of Accounts

The portfolio managers for each strategy monitor client portfolios to evaluate the impact of changing economic and market conditions on the client's securities and investment objectives. Major factors considered in all reviews include the market activity of individual securities and industries; the mix among cash alternatives, fixed income, and equity instruments; and the appropriateness of the portfolio's holdings in terms of long-term objectives such as income, risk and growth.

At least quarterly, the portfolio managers review client portfolios for allocation of client assets among cash, equity securities, and fixed income holdings and review each managed account focusing on the appropriateness of the client's investments in light of each client's investment objective, risk

tolerance, and income requirements. Additional reviews performed by portfolio managers include an asset allocation review that compares a client's investment policy statement to the client account's investment allocation, which is performed at least annually.

The portfolio managers of each strategy generally review trading in a client's account each day there is a trade in the client's account. The portfolio management team typically reviews each account's relative performance compared to a relevant benchmark index at least quarterly.

Item 14. Client Referrals and Other Compensation

We do not currently have any arrangements whereby we, directly or indirectly, receive an economic benefit (such as sales awards or other prizes) from a person who is not a client for our providing investment advice or other advisory services to clients.

We and our employees do not, directly or currently, compensate any person (other than our own personnel) for referring clients to us, except for industry-standard contracts we have with several independent introduction agents whereby we would compensate them for client referrals. We comply with SEC Rule 206(4)-3 with respect to these arrangements. We would pay the agent a customary portion of the advisory fees we receive from the clients they introduce to us. If you wish to know whether we paid an agent to introduce your account to us, we will be glad to advise you. Please contact our CCO.

Item 15. Custody

We have "custody" (for purposes of SEC Rule 206) of client funds or securities, in that we deduct our advisory fees directly from some of our client accounts. If you are one of those clients, and your broker-dealer, bank or other qualified custodian sends quarterly or more frequent account statements directly to you, you should carefully review those statements. If you also receive account statements from us, we urge you to compare those statements to the custodian's account statement.

Item 16. Investment Discretion

We accept discretionary authority to manage securities accounts for our clients, and we have discretionary authorization with respect to client accounts we manage. Before we assume this authority, we enter into either an investment management or similar agreement with the client, or a limited power of attorney, establishing the authority and specifying any limitations on the authority. You may in such documents place limitations on our discretionary authority, such as specific securities or types of securities we are not authorized to purchase for the account.

Item 17. Voting Client Securities

We have, and will accept, authority to vote client securities. Our main voting policy is that we will vote as we deem is in the best interest of our clients, consistent with our duty of care and loyalty to them. We will generally vote for proposals that we believe will maximize the value of the client's security. The factors we consider will vary according to the security and client, and may include

market information, the company's financial situation, the industry, and the client's investment guidelines.

If we deem there is a conflict between our interests and those of the client with respect to the voting of a client security, we will generally address the conflict through our Investment Committee, working with the CCO.

By request to our CCO, you may obtain a copy of our voting policies and information about how we voted your securities.

Item 18. Financial Information

We are not aware of any financial condition that would impair our ability to meet our contractual commitments to you.

Item 19. Requirements for State-Registered Advisers

This item is not applicable to us, as we are not registered with any state, pursuant to exemptions from such registration.

Appendix A—Overview of Investment Risks

CERTAIN GENERAL INVESTMENT RISKS

Concentration Risk—The risk that if an Account concentrates its investments in issuers within the same country, state, industry or economic sector, an adverse economic, business or political development may affect the value of the Account's investments more than if its investments were not so concentrated. Also, to the extent an Account invests a larger percentage of its assets in a relatively small number of issuers or concentrates its assets in investments in the same asset class, it may be subject to greater risks than a more diversified account. That is, a change in the value of any single investment held by the Account may affect the overall value of the account more than it would affect an account that holds more investments.

Market Risk—The value of the instruments in which an Account invests may go up or down in response to the prospects of individual companies, particular industry sectors or governments or general economic conditions.

Volatility Risk—The prices of an Account's investments can be highly volatile. Price movements of assets are influenced by, among other things, interest rates, changing supply and demand relationships, programs and policies of governments, and national and international political and economic events and policies. Accounts may be adversely affected by deteriorations in the financial markets and economic conditions throughout the world, some of which may magnify the risks described herein and have other adverse effects. Deteriorations in economic and financial market conditions, and uncertainty regarding economic markets generally, could result in declines in the market values of potential investments or declines in market values. Such declines could lead to losses and diminished investment opportunities for Accounts, could prevent Accounts from successfully meeting their investment objectives or could require Accounts to dispose of investments at a loss while such unfavorable market conditions prevail.

Macro Risks—The risk that the value of the instruments in which an Account invests may go up or down in response to events affecting particular industry sectors or governments or general economic conditions. These risks include commodity sector risk, inflation protected securities risk, credit/default risk, interest rate risk, mortgage-backed or asset-backed risk, non-investment grade fixed income securities risk, U.S. government securities risk, and derivatives risk.

Investment Style Risk—Different investment styles tend to shift in and out of favor depending upon market and economic conditions and investor sentiment. Accounts may outperform or underperform other accounts that invest in similar asset classes but employ different investment styles. Dearborn may modify or adjust its investment strategies from time to time.

Liquidity Risk—The risk that an Account may make investments that may be illiquid or that are not publicly traded or for which no market is currently available or that may become less liquid in response to market developments or adverse investor perceptions.

Management Risk—The risk that a strategy may fail to produce the intended results for an Account.

Counterparty Risk—An Account may be exposed to the credit risk of counterparties with which, or the brokers, dealers, custodians and exchanges through which, it deals in connection with the investment of its assets, whether engaged in exchange-traded or off-exchange transactions.

CERTAIN RISKS OF PARTICULAR INVESTMENT STRATEGIES

Non-U.S. Securities Risk—Non-U.S. securities may be subject to risk of loss because of less government regulation, less public information and less economic, political and social stability in the countries of domicile of the issuers of the securities or the jurisdictions in which these securities are traded. Loss may also result from the imposition of exchange controls, confiscations and other government restrictions, or from problems in registration, settlement or custody. In addition, an Account will be subject to the risk that an issuer of the non-U.S. sovereign debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay the principal or interest when due. These risks might be heightened if the Account invests in emerging markets or growth markets.

Equity and Equity-Related Securities and Instruments—Accounts may take positions in common stocks of U.S. and non-U.S. issuers traded on national securities exchanges and over-the-counter markets. The value of equity securities varies in response to many factors. These factors include those specific to an issuer and to the industry in which the issuer participates. In addition, equity securities are subject to the risk that stock prices historically rise and fall in periodic cycles. U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future.

Mid Cap and Small Cap Risk—Investments in and mid-capitalization and small capitalization companies involve greater risks than investments in larger, more established companies. These securities may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity, and these issuers often face greater business risks.

Emerging Markets and Growth Markets Risk—Investing in the securities of governments in emerging markets involves certain considerations not usually associated with investing in securities of developed market companies or countries including, without limitation, political and economic considerations, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments, the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility, and certain government policies that may restrict an Account's investment opportunities. Further, the economies, industries, securities and currency markets in emerging markets or growth markets may be adversely affected by protectionist trade policies, a slow U.S. economy, regional and global conflicts and terrorism and war, including actions that are contrary to the interests of the U.S.

Leverage Risk—If an Account uses leverage, the Account will be subject to heightened risk. Leverage may take the form of borrowing funds, trading on margin, derivative instruments that are inherently leveraged, including among others forward contracts, futures contracts, options, swaps (e.g., total return financing swaps and interest rate swaps), repurchase agreements and reverse repurchase agreements, or other forms of direct and indirect borrowings, and other instruments and transactions that are inherently leveraged. Any such leverage, including leverage that takes the form of instruments and transactions that are inherently leveraged, may result in the Account's market value exposure being in excess of the net asset value of the Account. An Account may not be able to liquidate assets quickly enough to repay its borrowings, which will increase the losses incurred by the Account.

Credit/Default Risk—An issuer or guarantor of fixed income securities held by an Account (which may have low credit ratings) may default on its obligation to pay interest and repay principal.

Interest Rate Risk—When interest rates increase, fixed income securities held by an Account will generally decline in value. Long-term fixed income securities will normally have more price volatility because of this risk than short-term fixed income securities. In addition, depending on the particular mandate, other risks may apply.

Reliance on Sub-Advisers—The success of sub-advised Accounts depends upon, among other things, the ability of the sub-advisers to develop and successfully implement trading strategies that achieve their investment objectives. While Dearborn will select and monitor the sub-advisers, Dearborn relies on information provided by them and may have limited access to other information regarding their portfolios and operations. There is a risk a sub-adviser may knowingly, negligently or otherwise withhold or misrepresent information, including the presence or effects of any fraudulent or similar activities. Dearborn's proper performance of its monitoring functions would generally not give it the opportunity to discover such situations before the sub-adviser discloses (or there is public disclosure of) the presence or effects of any fraudulent or similar activities.

