



FORM ADV Part 2A

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March 27, 2012

This brochure provides information about the qualifications and business practices of Advanced Investment Partners, LLC [AIP]. If you have any questions about the contents of this brochure, please contact us at 727-799-3671. 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.

Advanced Investment Partners, LLC is a registered investment advisor. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information with which you determine to hire or retain an Adviser.

Additional information about Advanced Investment Partners also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Effective July 1<sup>st</sup>, 2011, Wintrust Financial Corporation acquired Great Lakes Advisors and immediately merged it with Wintrust Capital Management, to form the new Great Lakes Advisors, LLC. Great Lakes Advisors [GLA] is an investment adviser registered with the Securities and Exchange Commission [SEC] under the Investment Advisers Act of 1940. GLA is the majority owner of Advanced Investment Partners, LLC.

Effective December 1<sup>st</sup>, 2011, Jon E. Quigley was promoted to Co-Chief Investment Officer.

As of March 31, 2012, AIP no longer provides Wintrust with research derived from the firm's proprietary advanced quantitative investment process.

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

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

Currently our Brochure may be requested by contacting Matie Krebs, Chief Compliance Officer at 727-799-3671 or [matie@aipllc.com](mailto:matie@aipllc.com). Our Brochure is also available on our web site [www.aipllc.com](http://www.aipllc.com), also free of charge.

Additional information about Advanced Investment Partners, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Advanced Investment Partners, LLC who are registered, or are required to be registered, as investment adviser representatives of Advanced Investment Partners, LLC.

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## Item 4 – Advisory Business

Advanced Investment Partners, LLC [AIP] is an investment adviser, registered with the Securities and Exchange Commission [SEC]. AIP is located in Safety Harbor, Florida and was founded in 1996.

Effective July 1<sup>st</sup>, 2011, Wintrust Financial Corporation acquired Great Lakes Advisors, Inc. and immediately merged it with Wintrust Capital Management, to form the new Great Lakes Advisors, LLC. Great Lakes Advisors [GLA] is an investment adviser registered with the Securities and Exchange Commission [SEC] under the Investment Advisers Act of 1940.

Great Lakes Advisors, LLC [GLA] is the majority owner of AIP with employees owning the remaining minority interest. GLA is a subsidiary of Wintrust Financial Corporation (Wintrust), a financial holding company based in Lake Forest, Illinois. Wintrust engages in the business of providing traditional community banking services, primarily in the Chicago metropolitan area and southeastern Wisconsin, and operates other financing businesses on a national basis through several non-bank subsidiaries. Additionally, Wintrust offers an array of wealth management services. The Company conducts its businesses through three segments: community banking, specialty finance and wealth management. The Company provides community-oriented, personal and commercial banking services to customers located in the greater Chicago, Illinois and southern Wisconsin metropolitan areas through its 15 wholly owned banking subsidiaries (collectively, the Banks).

Affiliated companies related by common ownership or control include:

### Wealth Management

- Wayne Hummer Investments, LLC – Introducing Broker/Dealer, Investment Advisor, and Insurance Agency based in Chicago, IL. Member FINRA / SIPC. Contracted with First Clearing, L.L.C. (“FC”), Member NYSE, FINRA, and SIPC, for all clearing functions including custody of client assets and trade execution.
- The Chicago Trust Company, N.A. – Offers individuals and institutions throughout the Chicago area a wide range of trust products and services, including corporate trustee services, investment management, personal trust administration, estate settlement, land trusts, 1031 exchanges, guardianships, and special needs trusts.
- Great Lakes Advisors, LLC – SEC Registered Investment Advisor based in Chicago, IL. A wholly owned subsidiary of Wintrust Financial Corporation

### Community Banking

- Lake Forest Bank & Trust Company
- Hinsdale Bank & Trust Company
- North Shore Community Bank & Trust Company
- Libertyville Bank & Trust Company
- Barrington Bank & Trust Company, N.A.
- Crystal Lake Bank & Trust Company, N.A.
- Northbrook Bank & Trust Company
- Schaumburg Bank & Trust Company N.A.
- Village Bank & Trust
- Beverly Bank & Trust Company, N.A.

- Town Bank
- Wheaton Bank & Trust Company
- State Bank of The Lakes
- Old Plank Trail Community Bank, N.A.
- St. Charles Bank & Trust Company

#### Specialty Finance

- Tricom
- First Insurance Funding

Other industry activities include:

#### Investment Company (Mutual Fund) Managers

GLA acts as an investment adviser to Northern Lights Trust for the management of the Wintrust Capital Small Cap Opportunity Fund and Wintrust Capital Disciplined Equity Fund. When appropriate, recommendations may be given directing Wrap Account assets into these or other investment companies.

Certain directors and officers of Wintrust Financial and Wayne Hummer Investments are officers and directors of Great Lakes Advisors and AIP.

AIP provides portfolio management services for pension and profit sharing plans, investment companies, investment advisers, corporations, trusts, and high-net worth individuals (Private Clients). AIP is the sub-adviser for the Wintrust Capital Disciplined Equity Fund, a portfolio of the Northern Lights Fund Trust. AIP serves as a portfolio manager to several unaffiliated Wrap-Fee Program Sponsors, and several unaffiliated Model Programs.

#### Services Offered

AIP offers separate portfolio management in the following U.S. Equity strategies and their relative benchmarks:

<b>Strategy</b>	<b>Benchmark</b>
LargeCap	S&P 500 Index
LargeCap Sustainable Responsible	S&P 500 Index
Tax-Managed LargeCap	S&P 500 Index
AllCap	Russell 3000 Index
TaxManaged AllCap	Russell 3000 Index
MaxCap	S&P 100 Index
SMidCap	Russell 2500 Index
SMidCap Sustainable Responsible	Russell 2500 Index

In each of its strategies, AIP seeks to outperform the stated benchmark over time, through superior stock selection combined with rigorous, precise portfolio risk management. As with any investment strategy, there is no assurance that the strategy will achieve its stated objective.

Accounts under each strategy will hold a diversified portfolio of common U.S. stocks that, in aggregate, mimic the investment characteristics and industry representations similar to the strategy's benchmark. Each strategy seeks to be substantially invested in common stocks at all times, with a small allocation to cash, typically 0-5%.

In selecting securities for each strategy, AIP evaluates each security within a broad universe of large, mid and small capitalization common stocks using our advanced quantitative investment models. These models are based on economic indicators, changes in company earnings, various valuation measures and trailing stock price performance. Once return expectations are formed for each stock within the universe, the portfolio is optimally created to resemble the characteristics and industry representations of the benchmark index, while being weighted towards a select list of the most attractive individual stocks as determined by the quantitative investment modes for our long-only strategies.

Each client must sign an investment management agreement, to include at minimum the investment strategy to be followed, the fee structure for the account, the authorized persons for the account, and specific account restrictions or client guidelines. Accounts can be tailored to meet client restrictions and investment guidelines.

### **Wrap Fee Programs**

Advanced Investment Partners provides portfolio management services to a number of wrap fee programs sponsored by unaffiliated Program Sponsors. In a wrap fee program, a client generally signs an investment advisory agreement with the Program Sponsor. AIP signs a sub-advisory agreement with the Program Sponsor. These agreements may be terminated at the written request of the client, the Program Sponsor or AIP. Clients are typically charged a single fee (wrap fee) by the Program Sponsor which covers all services and expenses. This fee, typically 1-3% of the client's assets under management, is negotiated between the Program Sponsor and the client. AIP receives a portion of the wrap fee for our services. In the event of a termination, the advisory fee will be pro-rated.

The responsibilities of managing and servicing wrap fee client accounts, as well as regulatory compliance, are divided between the Program Sponsor and AIP. These responsibilities are generally documented in the sub-advisory agreement between the Program Sponsor and AIP. Typically, the Program Sponsor is responsible for suitability reviews and recommendation of AIP or other investment managers for the client's account. In addition, Program Sponsors monitor and evaluate AIP's investment performance, provide custodial services for clients, execute portfolio transactions without commissions or fees and pay AIP's investment advisory fee on behalf of the client. Delivery of required disclosures, such as the ADV Part 2, the privacy notice and the proxy voting policy, is generally handled by the Program Sponsor.

AIP is responsible for providing continuous investment management advice to each wrap fee client. AIP generally maintains investment discretion to determine which securities to purchase or sell and in what quantities. These decisions are made in accordance with the clients selected investment strategy and any investment guidelines, restrictions or limitations that AIP has received, in writing, from either the client or the Program Sponsor.

In evaluating a wrap fee program, a client should recognize that brokerage commissions for the account are not negotiated by AIP. Client transactions are customarily executed only by the Program Sponsor (or a broker-dealer designated by the Program Sponsor) of the client's account. One benefit of a wrap fee arrangement is that the client pays only a single fee for all services, including commissions and other related trading fees.

Given the benefit of the inclusive single fee, best execution can generally be obtained despite the fact that AIP may not necessarily be free to seek best price and execution with other broker-dealers. However, no assurance can be given that this will continue to be the case. With this in mind, wrap fee clients should satisfy themselves that the Program Sponsor offering the wrap fee arrangement can provide adequate execution of transactions.

The services offered to wrap fee clients are the same as those offered to non-wrap fee clients, however, because the transactions are effected through the Program Sponsor, the timing of the trades may be different from those of the AIP's non-wrap fee clients.

For more information, including fees, regarding a wrap fee program, contact the Program Sponsor.

### **Overlay/Model Programs**

In addition to wrap fee programs, Advanced Investment Partners provides portfolio management services to certain Overlay or Model Programs. This includes certain Unified Managed Account [UMA] programs. These programs feature multiple outside investment managers in an advisory arrangement where different managers manage different portions of a single client's account. An "overlay" manager coordinates all the different managers' activities, monitors compliance with client guidelines and restrictions, and monitors trade execution. AIP provides the overlay manager with an investment model for a certain strategy, as well as regular updates to that model. The overlay manager may customize the model to the client's specifications and orders trades which are executed by the overlay manager's affiliated broker-dealer.

Under such agreements, clients are generally charged a single fee by the Program Sponsor, covering all services and expenses, which are negotiated between client and the Program Sponsor. As with wrap fee programs, the client enters into an investment advisory agreement with the Program Sponsor. AIP enters into a sub-advisory agreement with the Program Sponsor. AIP receives a portion of the single fee charged by the Program Sponsor. These agreements may be terminated at the written request of the client, the Program Sponsor or AIP.

### **Assets Under Management**

As of February 29, 2012, Advanced Investment Partners managed approximately \$591.1 million in discretionary assets and \$103.4 million in non-discretionary assets.

## **Item 5 – Fees and Compensation**

Advanced Investment Partners charges a flat annual fee based on assets under management, which is negotiable and may vary. The specific manner in which fees are charged is established in the client's

written agreement. Typically, the fee is payable quarterly in arrears, based on average net market value of the client's account for the calendar quarter as determined by the client's custodian. Accounts initiated during a calendar quarter will be charged a prorated fee. Clients may elect to be billed directly for fees or to authorize AIP to directly debit fees from the account.

AIP reserves the right to accept lower minimum accounts in certain instances where operational and distribution efficiencies exist.

AIP's fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses which shall be incurred by the client. Client may incur certain charges imposed by custodians, brokers, third party investment advisers and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. AIP shall not receive any portion of these commissions, fees and costs.

Item 12, Brokerage Practices, further describes the factors that AIP considers in selecting broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).

<b>Institutional Accounts</b> (Minimum Account \$5 million)		<b>Private Client Accounts*</b> (Minimum Annual Fee \$15,000)	
LargeCap, AllCap, MaxCap, SMidCap & Sustainable Responsible Series		LargeCap, AllCap, MaxCap, SMidCap & Sustainable Responsible Series	
First \$50 million	0.55%	First \$2.5 million	0.75%
Next \$50 million	0.45%	Next \$2.5 million	0.65%
Thereafter	0.35%	Over \$5 million*	
Tax Managed Series		Tax Managed Series	
First \$50 million	0.65%	First \$2.5 million	0.85%
Next \$50 million	0.55%	Next \$2.5 million	0.75%
Next \$100 million	0.45%	Over \$5 million *	
Thereafter	0.35%		

\*Note – For Private Client accounts of \$5 million or greater, the fee structure is the same as an Institutional Account (see list above).

Clients may terminate the relationship with AIP, with or without cause, by providing written notice in accordance with their agreement. Typically the termination is effective within 30 days after receipt or a later date as specified in the notice. Upon termination of the agreement or on the withdrawal of all assets from the account, any prepaid, unearned fees will promptly be refunded and any earned, unpaid fees will be due and payable. The fee is based on the number of days elapsed in that period prior to the termination or withdrawal.

For certain registered or unregistered pooled vehicles to which AIP is either an adviser or a sub-adviser, AIP's fees are disclosed in their relevant offering documents.

AIP employees and members of their family receive a discounted rate.

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

Advanced Investment Partners may use a performance based fee. While not a standard part of our investment management agreement, AIP may accept such an arrangement when the appropriate circumstances exist and there is compliance with applicable federal and state laws. These accounts will not receive preferential treatment. No bonuses are paid to any employee based on the performance of an account under this arrangement.

AIP's performance based fee typically includes a negotiated fixed fee (base fee) component as well as a performance based fee component. The typical guideline used for performance fees equals 20% of the net profits of the account including both realized and unrealized gains and are assessed in arrears at the end of each period, as negotiated with each client. To the extent a client's portfolio performance falls short of the agreed upon benchmark performance, AIP's fee structure may include a high water mark feature where no performance fee is charged until profits exceed cumulative performance shortages.

AIP does not and will not have custody of clients' funds or securities.

## **Item 7 – Types of Clients**

Advanced Investment Partners provides portfolio management services to pension and profit sharing plans, investment companies, investment advisers, corporations, trusts, and high net worth individuals.

The minimum account size is generally \$5 million to open an individually managed Institutional account and a minimum annual fee of \$15,000 to open an individually managed high net worth account. Minimums may be waived at AIP's discretion.

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

Advanced Investment Partners uses advanced quantitative techniques within a highly computerized environment to analyze equity securities and financial markets as a whole. The investment process was developed through extensive research efforts and represents a hybrid valuation modeling strategy featuring both linear and nonlinear analysis in stock-specific, sector-specific and cross-universe formats. Through this hybrid strategy, AIP evaluates a stock's current profile relative to its own historical valuation range and also compares the same stock's current profile to the current profiles of all other stocks. The investment process ranks stocks according to attractiveness, providing the primary basis for investment decision making.

Sources of information used in the process include various electronic financial data providers, electronic news services, portfolio optimization software, financial software applications, newspapers/magazines, research materials prepared by outside services and corporate rating services.

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

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of AIP or the integrity of AIP's management. AIP has no history of disciplinary action.

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

Advanced Investment Partners has three employees registered with Wayne Hummer Investments, a subsidiary of our parent company, Wintrust Financial Corporation. These employees receive no monetary benefit from this relationship.

As disclosed in Item 4 of this document, effective July 1<sup>st</sup>, 2011, Wintrust Financial Corporation acquired Great Lakes Advisors, Inc. and immediately merged it with Wintrust Capital Management, to form the new Great Lakes Advisors, LLC. Great Lakes Advisors [GLA] is an investment adviser registered with the Securities and Exchange Commission [SEC] under the Investment Advisers Act of 1940.

Great Lakes Advisors, LLC [GLA] is the majority owner of AIP with employees owning the remaining minority interest. GLA is a subsidiary of Wintrust Financial Corporation [Wintrust], a financial holding company based in Lake Forest, Illinois. Wintrust engages in the business of providing traditional community banking services, primarily in the Chicago metropolitan area and southeastern Wisconsin, and operates other financing businesses on a national basis through several non-bank subsidiaries. Additionally, Wintrust offers an array of wealth management services. The Company conducts its businesses through three segments: community banking, specialty finance and wealth management. The Company provides community-oriented, personal and commercial banking services to customers located in the greater Chicago, Illinois and southern Wisconsin metropolitan areas through its 15 wholly owned banking subsidiaries (collectively, the Banks).

Affiliated companies related by common ownership or control include:

### **Wealth Management**

- Wayne Hummer Investments, LLC – Introducing Broker/Dealer, Investment Advisor, and Insurance Agency based in Chicago, IL. Member FINRA / SIPC. Contracted with First Clearing, L.L.C. ("FC"), Member NYSE, FINRA, and SIPC, for all clearing functions including custody of client assets and trade execution.
- The Chicago Trust Company, N.A. – Offers individuals and institutions throughout the Chicago area a wide range of trust products and services, including corporate trustee services, investment management, personal trust administration, estate settlement, land trusts, 1031 exchanges, guardianships, and special needs trusts.

- Great Lakes Advisors, LLC – SEC Registered Investment Advisor based in Chicago, IL. A wholly owned subsidiary of Wintrust Financial Corporation

#### Community Banking

- Lake Forest Bank & Trust Company
- Hinsdale Bank & Trust Company
- North Shore Community Bank & Trust Company
- Libertyville Bank & Trust Company
- Barrington Bank & Trust Company, N.A.
- Crystal Lake Bank & Trust Company, N.A.
- Northbrook Bank & Trust Company
- Schaumburg Bank & Trust Company N.A.
- Village Bank & Trust
- Beverly Bank & Trust Company, N.A.
- Town Bank
- Wheaton Bank & Trust Company
- State Bank of The Lakes
- Old Plank Trail Community Bank, N.A.
- St. Charles Bank & Trust Company

#### Specialty Finance

- Tricom
- First Insurance Funding

Other industry activities include:

#### Investment Company (Mutual Fund) Managers

GLA acts as an investment adviser to Northern Lights Trust for the management of the Wintrust Capital Small Cap Opportunity Fund and Wintrust Capital Disciplined Equity Fund. When appropriate, recommendations may be given directing Wrap Account assets into these or other investment companies.

Certain directors and officers of Wintrust Financial and Wayne Hummer Investments are officers and directors of Great Lakes Advisors and AIP.

AIP does not recommend investment advisors to clients.

Affiliates are not covered by this document.

## **Item 11 – Code of Ethics**

In accordance with SEC rule 204A-1, Advanced Investment Partners adheres to the Wintrust Financial and the Wintrust Wealth Management Codes of Ethics (“Code”). The purpose of the Code is to:

- Prevent insider trading from occurring;
- Avoid conflicts of interest and even the appearance of impropriety;
- Restrict and report the acceptance of gifts;
- Make personal investments that are consistent with employment at AIP; and
- Protect confidential information.

All employees must comply, and annually certify compliance, with the Code of Ethics.

Employees may purchase and sell securities for their own accounts that are also recommended to clients. To prevent conflicts of interest, the Code outlines the procedures for conducting and reporting personal securities transactions, as well as the classes of securities covered by the Code. The Code requires pre-clearance, adherence to black-out periods and regular reporting of personal account transactions. The Code also sets out disciplinary actions for violations. Personal accounts are continually monitored by the Compliance staff.

To prevent insider trading, AIP has adopted policies and procedures to prevent the misuse of non-public information by any AIP employee. Employees may not use such information to trade or recommend securities for personal benefit or the benefit of AIP. Employees may not disclose such information to outside parties.

Two employees have a discretionary investment account managed by AIP. These accounts follow the same portfolio construction and stock selection process as all other accounts managed by AIP, and receive no preferential treatment.

Advanced Investment Partners' clients or prospective clients may request a copy of the firm's Code of Ethics by contacting us at 727-799-3671.

## **Item 12 – Brokerage Practices**

Advanced Investment Partners does not have any soft dollar arrangements and does not receive any soft dollar benefits. AIP believes that client assets should be used for the benefit of the client in all instances.

AIP does not receive client referrals from any broker dealer.

Brokerage discretion is determined by the client, at the outset of an advisory relationship with AIP. Clients may elect to have AIP choose the broker/dealer used for trade execution or they may select a directed brokerage arrangement with a specific broker dealer.

AIP owes a fiduciary duty to its clients to provide best execution on trades. Best execution is generally understood to mean the most favorable cost or net proceeds reasonably obtainable under the circumstances. The full range of brokerage services applicable may include, but it not limited to: liquidity, price, commission, timing, aggregated trades, capable floor brokers and traders, competent block trading coverage, ability to position, capital strength, and stability, reliability and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers,

arbitrage skills, administrative ability, underwriting and provision of information on a particular security or market in which the transaction is to occur. The specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple broker/dealers. In recognition of these factors, transactions may not always be executed at the lowest available commission rate. Negotiated commission rates will reflect overall execution requirements of the transaction without regard to whether the broker may provide other services in addition to execution. To ensure that AIP is in compliance with best execution, we monitor trading activity daily.

When AIP is charged with investment discretion for a client, we use the ITG Triton Execution Management System for trade order execution. Triton is a global, multi asset trading system that provides AIP direct broker-neutral access to markets and tools to automate execution strategies, effectively manage orders and analyze trading performance. The execution of individual trades is primarily measured against the day's volume weighted average price (VWAP). Using this system allows AIP to execute most trades for rates ranging between 1.5 and 3 cents per share.

While AIP generally selects the broker/dealer for trade execution, a client may direct AIP to use a particular broker/dealer to execute trades in the account. If a client elects a directed brokerage arrangement, we also request that the client specify in writing:

1. General types of securities for which the designated firm should be used; and
2. Whether the designated firm should be used for all transactions, even though AIP may be able to obtain a more favorable net price and execution from another broker dealer in particular transactions.

A client who designates use of a particular broker/dealer should understand that it may lose:

1. The possible advantage that a non-designating client may get from aggregation of orders for several clients as a single transaction for the purchase or sale of a particular security; and
2. The ability of AIP to effectively negotiate the commission rate.

If AIP deems it to be in the best interest of the client, AIP, to the extent permitted by applicable laws, regulations and advisory contracts, may aggregate purchases and sales. All accounts of our firm are treated fairly and equitably. AIP will not permit the aggregation if it is not consistent with our fiduciary duty to the client. Trade order aggregation usually results in lower commissions. In certain cases, where the aggregate order is executed in a series of transactions at various prices on the same day, participating client orders will receive the average price and commission rate paid or received with respect to the total order place on that day (VWAP).

## **Item 13 – Review of Accounts**

Advanced Investment Partners continually monitors client accounts. Quarterly, transactions are reviewed referencing client objectives for any transaction that may not fit the client's stated objectives. This review is conducted by the Chief Compliance Officer. Clients will receive a quarterly billing statement, holdings report and performance report for each account managed by AIP.

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

Advanced Investment Partners does not make client referrals.

AIP has contracted with NAV Capital Partners, LLC [NAVCAP], a third party marketing firm, specializing in wholesaling Wrap-Fee products [SMA]. A flat monthly fee is paid to NAVCAP for services rendered, as well as a portion of the fees collected by AIP for assets attributable to NAVCAP.

NAVCAP is not an affiliate of Advanced Investment Partners.

## **Item 15 – Custody**

Advanced Investment Partners does not have custody of any client funds. Clients should receive at least a quarterly statement from the broker dealer, bank, or other qualified custodian that holds and maintains client's investment assets. AIP urges you to carefully review such statements and compare those official custodial records to the account statements that we may provide you. Our statements may vary from custodial statements based on accounting procedures, reporting dates or valuation procedures of certain securities.

## **Item 16 – Investment Discretion**

Advanced Investment Partners usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, AIP observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, AIP's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor holding of investments once made.

Investment guidelines and restrictions must be provided to AIP in writing.

## **Item 17 – Voting Client Securities**

Advanced Investment Partners will vote proxies for client accounts if designated by the client. AIP votes proxies in accordance with our established policies and procedures and in the best interest of the client. Generally this means voting in a way that we believe will maximize the value of the security. Each ballot is reviewed on a case-by-case basis. If, after reviewing the security, AIP determines there are no unusual circumstances, AIP votes according to firm guidelines. If AIP determines that additional research and discussion are required, AIP's Investment Team will be consulted, in order to vote in the client's best interest. Record of this research is retained by AIP.

This is AIP's policy, unless instructed in writing by the client to vote differently.

To aid the voting process, AIP has contracted with Broadridge, using their web-based system known as Proxy Edge. This allows for electronic processing and reporting of client proxies. In addition to voting proxies, AIP:

- Discloses how clients may obtain information about how their securities were voted;
- Reconciles proxies received with client holdings as of the record date;
- Applies its policy consistently and keep records of vote for each client;
- Documents the reason(s) for voting against policy; and
- Keeps records of votes for the requisite period of time.

AIP will neither advise nor act on behalf of the client in legal proceedings involving securities held in client accounts. This may include, but is not limited to, the filing of “Proofs of Claim” in class action suits.

Advanced Investment Partners’ clients or prospective clients may request a copy of the firm’s Proxy Voting Policy by contacting us at 727-799-3671.

## **Item 18 – Financial Information**

Registered investment advisers are required to provide you with certain financial information or disclosures about Advanced Investment Partners’ financial condition. AIP has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Item 19 – Requirements for State-Registered Advisors**

AIP is an SEC registered investment advisor.