

P2international USA, Inc.

January 1, 2012

(revised March 6, 2012)

This brochure provides information about the qualifications and business practices of P2international USA, Inc. (“P2” or the “Firm”). If you have any question about the contents of this brochure, please contact Alan Liebowitz or Rosemary Lang at aliebowitz@p2international.com or rlang@p2international.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 P2 is also available on the SEC’s website at www.adviserinfo.sec.gov.

P2 is a registered investment adviser. Being a “registered investment adviser” or describing the Firm as being “registered” does not imply a certain level of skill or training.

The oral and written communications we provide to you, including this brochure, serve as information for you to use to evaluate P2 and should be considered in your decision whether to hire P2.

Item 2- Material Changes

This brochure dated January 1, 2012, represented a new disclosure document that P2 is providing to its clients for the first time. The following is a summary of material changes that are made to this brochure since the most recent update.

Item 17 was changed to: If required for the provision of certain services detailed herein, P2 will cause or arrange for voting proxies to be completed. Otherwise, clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios, or may out-source this to firms who provide this service.

Item 3- Table of Contents

Item 1-Cover Page	i
Item 2- Material Changes.....	ii
Item 3- Table of Contents	ii
Item 4- Advisory Business.....	1
Item 5- Fees and Compensation.....	2
Item 6- Performance-Based Fees and Side-By-Side Management.....	4
Item 7- Types of Clients	4
Item 8- Methods of Analysis, Investment Strategies and Risk of Loss.....	4
Item 9- Disciplinary Information.....	5
Item 10- Other Financial Industry Activities and Affiliations.....	5
Item 11- Code of Ethics, Participation in <i>Client</i> Transactions and Personal Trading....	5
Item 12- Brokerage Practices.....	7
Item 13- Review of Accounts	8
Item 14- Client Referrals and Other Compensation	8
Item 15- Custody.....	9
Item 16- Investment Discretion	9

Item 17- Voting Client Securities	10
Item 18- Financial Information	11

Item 4- Advisory Business

4.A: Firm Description and Principal Owners

P2 International USA, Inc. (“P2” or the “Firm”) is a wholly owned subsidiary of P2 International, Ltd., a Bermuda segregated accounts company (collectively the “P2 Group”). P2 was organized to provide investment advisory, technology, marketing support and sales support services to licensed broker/dealers, insurance companies and other investment companies that make Dynamic Cash Rebalancing available to its investors.

4.B: Types of Services

P2 offers investment advisory, technological and marketing support services to institutions including banks or thrift institutions, pension and profit sharing plans, and other corporations or business entities. These services may include the following:

Dynamic Cash Rebalancing. P2 works with broker/dealers, insurance companies, and other institutions including banks or thrift institutions, pension and profit sharing plans, and other corporations or business entities) (hereinafter “clients”) to optimize rebalancing procedures based on each client’s asset allocation guidelines and investment restrictions. P2 typically engages Milliman, Inc. (“Milliman”), an investment adviser registered with the SEC, as sub-adviser or co-adviser to provide dynamic cash rebalancing between the client’s equity account and a client’s money market or cash account. Milliman utilizes a proprietary algorithm to identify an optimal allocation between equities and cash depending upon the client’s asset allocation guidelines, investment restrictions, and prevailing or anticipated market conditions. The proportion of funds and cash is managed on a daily basis to give each client the potential to enhance performance while reducing volatility.

4.C: How Services are Tailored to Fit Client Needs

P2 tailors services to the needs of individual clients by building the necessary interfaces to facilitate the transmission of information and reconciliation of accounts; providing MIS reporting, building extracts and code development, providing marketing and sales support

materials, training and training materials and answering all questions and addressing all issues raised by clients with regard to the Dynamic Cash Rebalancing.

4.D: Wrap Fee Programs

P2 does not participate in “Wrap Fee” Programs.

4.E: Servicing of Client Assets

The P2 Group services approximately \$100 million in client funds. These calculations are based on the market value of our clients’ portfolios (which may include securities, cash, and other instruments) that we service and are based on account balances as of December 5, 2011.

Item 5- Fees and Compensation

5.A-B: Description and Billing

As compensation for such services, P2 may charge:

- An asset-based fee typically calculated on a graduated schedule of client assets under management; an example fee is 10 basis points of the first \$10 million, 6 bps of the next \$10 million, 4 bps of the next \$30 million, and negotiable above \$50 million.
- A fixed fee for periodic services.

As P2 does not hold custody of client assets, it does not deduct fees from client assets. P2 typically bills monthly in arrears and no less frequently than once a year. Fees and billing arrangements are subject to negotiation and are memorialized in the services agreement between P2 and each client. P2’s services may be terminated at any time upon advanced written notice to P2. Any unpaid fees remaining at such time shall be prorated as of the date of termination.

P2 does not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

P2 may at times impose a minimum service fee in order to cover the costs of its services. The minimum size is specific to each type of service and dependent on a variety of factors, economies of scale and the cost of third party services needed to render P2's services. All such fee arrangements are disclosed and subject to negotiation.

5.C: Other fees and Expenses

Where P2 engages the services of a sub-adviser or co-adviser, P2 may split its advisory fees with such third party. P2's fees are exclusive of brokerage commission, transaction fees, and other related costs and expenses which are incurred directly by the client or the client's investors. Clients and investors may incur certain charges imposed by primary advisers (where P2 provides services), custodians, brokers, and other third party service providers. Such fees may include, but are not limited to, custodian fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, management fees and other fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are exclusive of and in addition to P2's fee, and P2 does not receive any portion of these commissions, fees and costs.

5.D: Advanced Payment; Termination of Services

P2's fees are generally not payable in advance. Service agreements are terminable by either party as negotiated. In the case of any termination, fees will be determined on a pro rata basis through the date of termination.

5.E: Sales-Based Compensation

None of P2's supervised persons accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

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

Neither P2 nor any of our supervised persons accept performance-based fees - that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7- Types of Clients

P2 does not have any specific predetermined requirements for opening or maintaining a client account. P2 clients are based in the U.S. and outside of the U.S. and generally consist of:

- Corporations
- Financial institutions
- Insurance companies
- Investment companies
- Public and private retirement and pension plans
- Public and private profit sharing plans
- Trusts and estates
- Charitable organizations
- State and municipal government agencies
- Sovereign wealth funds
- Hedge funds
- High net worth individuals

All clients are subject to applicable suitability requirements.

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

8.A: Method of Analysis

The investment strategies used by Milliman in Dynamic Cash Rebalancing involve the application of cash management and investment techniques to optimize portfolio balancing. P2 uses various sources of information as well as third party service providers and advisors to implement and service a dynamic cash rebalancing strategy for each client.

8.B: Material Risks Associated with Investment Strategies

The Dynamic Cash Rebalancing strategy is dependent upon models of investor risk tolerance and market conditions. Such models may not accurately represent risk and projected performance, in which case the performance may deviate from expectations.

Investment returns are not guaranteed and past performance is no guarantee of future performance. There is always a material chance that clients and/or their investors may lose money on investments.

Item 9- Disciplinary Information

P2 does not have any legal, financial or other “disciplinary” item to report to you. P2 is obligated to disclose any disciplinary event that would be material to you when evaluating a client/advisor relationship. On occasion, in the ordinary course of its business, P2 is named as a defendant in a lawsuit or arbitration. P2 does not believe that any current litigation to which it is a party will have a material adverse effect on P2.

Item 10- Other Financial Industry Activities and Affiliations

The parent company of P2, P2international, Ltd., a Bermuda company, engages in activities substantially similar to P2’s for the offshore international market. None of these activities are conducted in the U.S. nor are any of these activities directed to U.S. citizens or U.S. residents while in the U.S. or abroad.

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

11.A: Summary

P2 has adopted a Code of Ethics pursuant to Rule 204A-1 which sets forth its high standard of business and ethical conduct and its fiduciary duty to clients. The Code of Ethics includes, among other items, provisions relating to personal securities transactions, restrictions on the acceptance of extravagant gifts and entertainment, employee training

programs, confidentiality of client information, prohibition on insider trading, and prohibition of spreading rumors. P2 will provide a copy of its code of ethics to any client or prospective client upon request.

The following is a summary of pertinent provisions of the Code of Ethics:

- Employees must comply with the federal securities laws, certify that they have read and understand the Code of Ethics and report any violations of the Code to the Chief Compliance Officer (“CCO”);
- The Code of Ethics sets forth limitations on employees receiving gifts and entertainment from third-parties. Employees may not solicit gifts or entertainment from any person or firm with which P2 conducts or is likely to conduct business;
- Employees are prohibited from trading either in their personal accounts or on behalf of client accounts on the basis of material non-public information; and
- Employees must obtain consent of the CCO for any outside business activities and may not use their position for a personal benefit.

Employees who violate the Code of Ethics or the Firm’s Compliance Manual are subject to disciplinary action including, but are not limited to, written warnings, fines and termination of employment. All supervised persons at the Firm must acknowledge the terms of the Code of Ethics in writing at least annually.

11.B: Conflicts of Interest

From time-to-time, the Firm’s supervised persons may transact in or hold the same securities as clients. In these situations, the Code of Ethics is designed to ensure that the personal securities transactions, activities and interests of the employees of the Firm will not materially interfere with: (i) making decisions in the best interest of the Firm’s clients; and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. The Code of Ethics requires pre-clearance of certain transactions and restricts trading in close proximity to client trading activity.

Employee trading is monitored by the Chief Compliance Officer and the compliance

department to reasonably detect and prevent breaches of the Code of Ethics with respect to employee trading activity.

From time-to-time, certain employee accounts (including those of Access Persons) may trade in the same securities as client accounts on an aggregated basis. In such circumstances, the employee account will share commission costs equally and receive securities at a total average price. In the event that the aggregated order is partially filled, the Firm will generally allocate the partially filled order pro rata to the clients, including employee accounts.

Item 12- Brokerage Practices

12.A: Broker Selection

At the client's request, Milliman, through the services of P2, may have investment discretion in the choice of funds and the allocation of assets between funds in a portfolio. If there are brokers involved for the execution of trades they are chosen by the client or its investors.

P2 will not recommend to clients the services of certain brokers, and receives no separate compensation or research services for this.

12.A.2: Brokerage for Client Referrals

From time-to-time, brokers and their employees may refer potential clients to the Firm. It is the Firm's policy not to direct transactions and commissions to brokers for such referrals. However, the Firm, at its discretion, may effect services through these brokers provided they are able to provide best execution.

12.B: Aggregation of Orders and Services

P2 has a fiduciary obligation to use its best efforts to ensure that no client is treated unfairly in relation to any other client in the allocation of investment opportunities or in the order in which transactions are executed or services provided. P2 will seek to

allocate orders, investment opportunities and services among clients in a manner that it believes is equitable and in the best interests of all of its clients. While such allocations may be pro rata among participating clients, they will not necessarily be so where P2's policies dictate a different result. There can be no assurance that a particular order, investment opportunity or service will be allocated in a particular manner. In dealing on its clients behalf, P2 will at all times strive to obtain best execution for each of its clients.

Item 13- Review of Accounts

Typically, P2 reviews client accounts monthly or quarterly in conjunction with the sub-adviser or co-adviser, where applicable. More frequent reviews of accounts may be triggered if there is an unusual transaction or other such events.

Reports typically cover both qualitative and quantitative information about the account and its managers. Reports may include:

- Commentary;
- Snapshots of model risk-based portfolios showing risk/reward relationships and variability; and
- Investment Policy Statement recap to facilitate periodic reviews.

Reports are provided in writing and are augmented by calls or on-site meetings.

Reports from the sub-adviser or co-adviser are prepared periodically according to the terms of our agreement with such adviser. These reports are delivered in electronic form, typically in Excel format.

Item 14- Client Referrals and Other Compensation

P2 currently contracts with Milliman, Inc., an investment adviser registered with the SEC, to provide sub-advisory services to clients, including the implementation of Dynamic Cash Rebalancing strategy. All fees for such sub-advisory services will be paid by P2

and the investor or client will not be subject to any increased or additional fees or charges.

In most circumstances, third-party service providers will receive a portion of the fees paid to P2 (although other payment arrangement may exist). All fees for such services will be paid by P2 and the investor or client will not be subject to any increased or additional direct fees or charges. Third-party service providers in the U.S. will be registered, where applicable. Non-U.S. third-party service providers may be registered with a non-U.S. regulatory body to the extent such registration is required in the applicable non-U.S. jurisdiction.

P2 may enter into referral agreements with independent contractors to refer and recommend to P2 financial institutions, broker-dealers, investment companies and insurance companies to act as distributors of Dynamic Cash Rebalancing. All fees for such services will be paid by P2 and the investor or client will not be subject to any increased or additional fees or charges.

Item 15- Custody

Rule 206(4)-2 of the Advisers Act defines custody as holding client securities or assets or having any authority to obtain possession of them. Because P2 does not have access to the assets of its clients, it does not have custody of client assets for the purposes of the Advisers Act.

Item 16- Investment Discretion

At the request of clients, Milliman, through services provided by P2, may exercise investment discretion to choose investment funds, the timing of transactions and trade allocation. Such discretion is precisely outlined in the investment advisory agreement for each client and reports that facilitate compliance monitoring are provided to the client each day.

In the case of funds and separately managed accounts for which P2 provides services, P2's services are outlined in the sub-advisory agreement with the primary adviser and may be reviewed by the individual client prior to selecting services or participating in the primary adviser's program.

Item 17- Voting Client Securities

P2 will vote proxies on behalf of a client only if the client has delegated to us the authority to vote proxies on its behalf in the client's investment advisory agreement or other written instrument. Clients for whom we do not have any authority to vote proxies retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. In the event we receive any proxies intended for clients who have not delegated proxy voting responsibilities to us, we will promptly forward such proxies to the client for the client to vote.

In accordance with our fiduciary duties and SEC Rule 206(4)-6, P2 has adopted policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interests of our clients. In pursuing this policy, proxies should be voted in a manner that is intended to maximize value to the client. In situations where P2 accepts such delegation and agree to vote proxies, we will do so in accordance with these policies and procedures. We may delegate our responsibilities under these policies and procedures to a third party, however, no such delegation will relieve us of our responsibility for such proxy voting.

Where requests for proxies are received with respect to the voting of equity securities on routine matters, such as election of directors or approval of auditors, the proxies usually will be voted with management unless we determine we have a conflict or determine there are other material reasons not to vote with management. On non-routine matters, such as amendments to governing instruments, proposals relating to compensation and stock option and equity compensation plans, corporate governance proposals and

shareholder proposals, we will vote, or abstain from voting if deemed appropriate, on a case-by-case basis in a manner we believe to be in the best economic interest of our clients. In the event requests for proxies are received with respect to debt securities, we will vote on a case-by-case basis in a manner we believe to be in the best economic interest of our clients.

A copy of our Proxy Voting Policies and Procedures is available to clients and prospective clients upon request.

To obtain a copy of our Proxy Voting Policies and Procedures or to obtain information from us about how we voted any proxies on behalf of your account(s), please contact Rosemary Lang at rlang@p2international.com.

Item 18- Financial Information

18.A: Prepayment Requirement

P2 does not charge or solicit prepayment of \$1,200 in fees per client six or more months in advance.

18.B: Financial Conditions Likely to Impair Contractual Commitments

P2 is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitment to its clients.

18.C: Bankruptcy Petitions

Neither P2 nor P2's parent has ever been the subject of a bankruptcy proceeding.