



Piper Jaffray Investment Management LLC

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Form ADV Part 2 - Disclosure Brochure

Cash Management Strategies

March 30, 2013

This Brochure provides information about the qualifications and business practices of Piper Jaffray Investment Management LLC ("PJIM"). If you have any questions about the contents of this Brochure, please contact us at 612-303-6000. 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.

PJIM is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about PJIM also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This section is intended to discuss only specific material changes made to the Brochure and provide clients with a summary of changes made subsequent to January 2, 2013, the date of the last update.

This brochure does not contain any material changes since the last update. Should material changes make it necessary to amend this Brochure prior to the annual update, an amended Brochure will be provided without charge.

Additional information about Piper Jaffray Investment Management is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with PJIM who are registered, or are required to be registered, as investment adviser representatives of PJIM.

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Item 4 – Advisory Business

This disclosure document deals solely with the cash management strategies currently limited to Piper Jaffray Short Duration Fixed Income Advisory Program (the “Short Duration Fixed Income Advisory Program”) and Piper Jaffray Custom Cash Management Program. This document provides information about Piper Jaffray Investment Management LLC (“PJIM”) and its cash management strategies that should be considered before becoming a client of PJIM. This information has not been approved by any governmental authority.

General Information and Investment Advisory Services

Short Duration Fixed Income Advisory Program. The Short Duration Fixed Income Advisory Program is a customized investment management program sponsored by Piper Jaffray through which client accounts are managed by Fiduciary Asset Management Inc. (“FAMCO”), an affiliated investment manager participating in the program. The Short Duration Fixed Income Advisory Program is offered and available to institutions, high net worth individuals, employee benefit plans, trusts and estates, businesses and other suitable investors. A Piper Jaffray Sales Representative (“Piper Jaffray Representative”) works closely with each client (“the client”) to analyze and define the client’s investment objectives and needs. In addition, the Piper Jaffray Representative is available to provide the client with information on FAMCO, the affiliated investment manager offering sub-advisory services under the program. For services rendered, the client pays a quarterly asset-based fee based on the value of the client’s account (“account”) and transaction fees, as described in the fees section. (See item 5 – Fees and Compensation.)

Retirement Accounts in the Short Duration Fixed Income Advisory Program are subject to the prohibited transaction provisions of the Internal Revenue Code of 1986 (the Code), including an “employee benefit plan” as defined in the Employee Retirement Income Security Act of 1974 (ERISA).

Account assets selected by FAMCO may include a wide variety of securities. These securities include, but are not limited to, bonds and other fixed income securities (both taxable and non-taxable) and investment company securities. Securities selected are subject to any limitations imposed by the client or PJIM. Use of margin is not generally permitted in Short Duration Fixed Income Advisory Program accounts.

Account minimums are \$10,000,000 or more in investable assets per account. Account levels under \$10,000,000 may be negotiated between PJIM and the client.

Custom Cash Management Advisory Program. The Custom Cash Management Advisory Program is a customized investment management program sponsored by PJIM through which client accounts are managed by StoneRidge or another investment adviser. The Custom Cash Management Advisory Program is offered and available to institutions, high net worth individuals, employee benefit plans,

trusts and estates, businesses, municipalities and other governmental entities, and other suitable investors. A Piper Jaffray Representative works closely with each client to analyze and define client's investment objectives and needs. In addition, the Piper Jaffray Representative is available to provide the client with information on StoneRidge or another investment manager offering sub-advisory services under the program. For services rendered, the client pays a quarterly asset-based fee based on the value of the account and transaction fees, as described in the fees section. (See Item 5 – Fees and Compensation.)

Retirement Accounts in Custom Cash Management Advisory Program are subject to the prohibited transaction provisions of the Code, including an “employee benefit plan” as defined in ERISA.

Account assets selected by StoneRidge may include a wide variety of securities. These securities include, but are not limited to, bonds and other fixed income securities (both taxable and non-taxable) and investment company securities. Securities selected are subject to any limitations imposed by the client or PJIM. Use of margin is not generally permitted in the Custom Cash Management Advisory Program accounts.

Account minimums are \$5,000,000 or more in investable assets per account. Account levels under \$5,000,000 may be negotiated between PJIM and the client.

Additional Information Relating to Piper Jaffray Investment Management LLC

In addition to sponsoring the Short Duration Fixed Income Advisory Program and the Custom Cash Management Advisory Program, PJIM, together with its affiliate, Piper Jaffray & Co. (“PJ&Co.”, and collectively “Piper Jaffray”), also offers a Piper Jaffray Municipal Opportunities Strategy. PJIM's separate brochure regarding the Municipal Opportunities Strategy is available upon request by contacting the Chief Compliance Officer at 612-303-6359.

PJ&Co. is a full-service brokerage and financial services firm and is registered as a broker-dealer with the Securities and Exchange Commission (“SEC”). PJ&Co. is also a member of FINRA, various exchanges, the Securities Investor Protection Corporation (“SIPC”) and other financial services related organizations.

PJ&Co.'s broker-dealer activities are its principal business and account for the vast majority of its time, energies and resources.

PJ&Co.'s corporate headquarters are located at 800 Nicollet Mall, Minneapolis, Minnesota 55402. PJ&Co. services its clients from numerous branch offices located throughout the United States.

PJ&Co. has affiliated investment advisory companies, PJIM, PJC Capital Partners, FAMCO and Advisory Research Inc. PJIM is an SEC-registered investment adviser providing investment advisory

services for individuals, corporations, public entities, foundations, and endowments. PJC Capital Partners LLC is an SEC-registered investment adviser providing advisory services to private funds. FAMCO is an SEC-registered investment adviser providing equity and fixed income portfolio management services to corporations; pension and profit sharing plans; public entities; foundations and endowments; registered investment companies; and individuals. Advisory Research Inc. is an SEC-registered investment adviser providing services to institutional and high-net worth investors. PJ&Co. solicits clients for PJIM's, PJC Capital Partners, FAMCO's and Advisory Research Inc.'s advisory services and may receive a referral fee as a result of those solicitations. FAMCO is the sub-advisor of the Short Duration Fixed Income Advisory Program.

PJ&Co., PJC Capital Partners, FAMCO, Advisory Research Inc. and PJIM are wholly owned subsidiaries of Piper Jaffray Companies, a financial holding company, publicly traded on the NYSE under the symbol PJC.

StoneRidge Investment Partners is a Philadelphia-based emerging and minority-owned, Registered Investment Adviser offering equity and fixed income investment solutions to institutional investors. StoneRidge manages assets for institutional investors including Taft Hartley plans, public funds, corporations, foundations, endowments and health care organizations.

Item 5 – Fees and Compensation

The client pays PJIM a fee that may include compensation for:

- An initial analysis of the client's investment objectives and needs, with periodic re-evaluations, provided by PJIM;
- Custodial services provided by PJ&Co. for the Short Duration Fixed Income Advisory Program (custodial services are a separate fee for the Custom Cash Management Program);
- Investment management sub-advisory services by FAMCO, StoneRidge or other sub-advisers; and
- Performance reports and other account-related services provided by PJIM, FAMCO, StoneRidge or other sub-advisers.

The program fee does not cover and the client will be additionally responsible and charged for:

- Commissions, mark-ups, spreads and other transactional charges on securities transactions effected through or with broker-dealers and specialized PJ&Co. custody fees such as wire transfers;
- Interest on debit account balances, where applicable;
- The entire public offering price (including underwriting commission or discounts) on securities purchased from an underwriter or dealer (including PJ&Co.) involved in a distribution of securities.

- Bid-ask spreads, odd lot differentials, exchange fees, transfer taxes and other fees required by law.
- Individual Retirement Account (IRA) fees, qualified retirement plan account fees and other account maintenance fees, where applicable.
- Short-term trading charges for purchases and corresponding redemptions of certain mutual fund shares (see fund prospectus for details) made within short periods of time. These short-term trading charges are imposed by the mutual funds to deter “market timers” who trade in fund shares.
- Custodial services provided by non-Piper Jaffray third party custodians in the Custom Cash Management Advisory Program.

Short Duration Fixed Income Advisory Program Fees. Fees are calculated as a percentage of the account value. Fees are payable in advance on a quarterly basis and calculated based on the sub-adviser’s appraisal of the market value of the assets in the account as of the last business day of the preceding calendar quarter. Fees are assessed on all assets under management including securities, cash, and money market fund balances. Margin debit balances do not reduce the value of assets under management.

The client can elect to be invoiced for the amount of the fees, authorize PJIM to deduct the amount of the fees from the account, or direct PJIM to deduct fees from another Piper Jaffray account.

Fees may, in certain circumstances, be negotiated. Some clients may pay higher or lower fees depending on considerations such as:

- The size of the client’s account;
- The amount of time the client has had an account with Piper Jaffray;
- The total amount of business the client conducts through Piper Jaffray; and
- Other relevant criteria.

Fees are prorated for any billing period that is less than a complete calendar quarter, and the fee may be adjusted proportionately based on the value of cash or securities added to or withdrawn from the account between billing periods.

The client agreement may be terminated by PJIM, the sub-adviser or the client upon written notice from the terminating party to each of the other parties. If the client agreement is terminated prior to the last day of the calendar quarter, then a pro rata portion of the fees paid by the client under the fee method, based upon the days remaining in the quarter, will be refunded to the client as required by law, less permitted deductions.

Short Duration Fixed Income Accounts

<u>Value of Account Assets</u>	<u>Annualized Fee Based on Average Daily Balance (as % of Assets)</u>
All asset levels	0.15%

Fees are negotiated.

Uninvested cash held in the account may be automatically invested on a daily or periodic basis (as applicable) in money market mutual funds or money market accounts. Uninvested cash held in retirement accounts will only be invested in money market funds unaffiliated with PJIM.

Investors in money market funds indirectly pay a proportionate amount of the fees and expenses borne by the fund, including investment advisory, management, administrative, custodial and other fees and expenses. If and to the extent that the client's uninvested cash balances are invested into a money market fund, the client will indirectly pay duplicate advisory and other fees in connection with such cash balances (i.e. the program fees and, as a shareholder, the client's pro-rata portion of the fund's fees and expenses). Additional information regarding each money market fund option, including investment policies and fees and expenses, is set forth in the fund's current prospectus, which will be provided to clients. Clients should read the fund's prospectus carefully prior to making a selection.

Comparability of Costs

A client's total cost of each of the services provided, if purchased separately, could be more or less, depending on, among other factors:

- The client's costs of obtaining custodial services;
- Trading and execution costs (including principal markups and markdowns) to the client; and
- The client's ability to obtain reports comparable to those provided through the program.

When making cost comparisons, clients should be aware that the combination of custodial, consulting, and brokerage services available through the Short Duration Fixed Income Advisory Program may not be available separately or may require multiple accounts, documentation and fees. In addition, FAMCO may not be available to the client outside of the program either because of minimum account size limits, fee schedules, geographic availability, or other factors.

Custom Cash Management Advisory Program. Fees are payable on a quarterly basis at the end of each quarter. Fees are calculated based on the sub-adviser's appraisal of the market value of the average daily balance of the assets, excluding money market funds, held in the account over the quarter. Fees are assessed on all assets under management including securities and cash, however, money market fund balances are excluded. Margin debit balances do not reduce the value of assets under management.

The client authorizes PJIM to obtain the fee and authorized expense payments from the account maintained at the custodian.

Fees may, in certain circumstances be negotiated. Some clients may pay higher or lower fees depending on considerations such as:

- The size of the client's account;
- The amount of time the client has had an account with PJIM;
- The total amount of business the client conducts through Piper Jaffray; and
- Other relevant criteria.

Fees are prorated for any billing period that is less than a complete quarter.

The client agreement may be terminated by PJIM, the sub-adviser or the client upon written notice from the terminating party to each of the other parties. If the client agreement is terminated prior to the last day of the calendar quarter, then a pro rata portion of the fees will be paid by the client, less permitted deductions.

Custom Cash Management Advisory Program Accounts

<u>Value of Account Assets</u>	<u>Annualized Fee Based on Average Daily Balance (as a % of Assets)</u>
First \$40 million	0.20%
Next \$40 million	0.15%
Above \$80 million	0.10%

Fees are negotiated.

Investors in money market funds indirectly pay a proportionate amount of the fees and expenses borne by the fund, including investment advisory, management, administrative, custodial and other fees, and expenses. To the extent that the client's uninvested cash balances are invested into a money market fund, the client will indirectly pay only those fees in connection with such balances, that, as a shareholder, are the client's pro rata portion of the money market fund's fees and expenses. Additional information regarding each money market fund option, including investment policies and fees and expenses is set forth in the fund's prospectus, which will be provided to clients. Clients should read the fund's prospectus carefully prior to making a selection.

Uninvested cash held in the account may be automatically invested in on a daily or periodic basis (as applicable) in money market mutual funds or money market accounts. Advisory fees will not be charged on the cash invested in money market mutual funds or money market accounts.

Additional information regarding each money market fund option, including investment policies and fees and expenses, is set forth in the fund's current prospectus, which will be provided to clients. Clients should read the fund's prospectus carefully prior to making a decision.

Comparability of Costs

A client's total cost of each of the services provided, if purchased separately, could be more or less depending on, among other factors:

- The client's cost of obtaining custodial services;
- Trading and execution costs (including principal markups and markdowns) to the client; and
- The client's ability to obtain reports comparable to those provided through the program.

When making cost comparisons, clients should be aware that the combination of services available through the Custom Cash Management Advisory Program may not be available separately or may require multiple accounts, documentation and fees. In addition, StoneRidge may not be available to the client outside of the program either because of the minimum account size limits, fee schedules geographic availability, or other factors.

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

PJIM does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7 – Types of Clients

The Short Duration Fixed Income Advisory Program and Custom Cash Management Program are offered and available to institutions, high net worth individuals, employee benefit plans, trusts and estates, businesses, municipalities and other government entities and other suitable investors.

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

FAMCO

FAMCO, an affiliated investment manager of Piper Jaffray, is the discretionary manager for the Short Duration Fixed Income Advisory Program. FAMCO provides Piper Jaffray and each client with FAMCO's regulatory brochure.

StoneRidge

StoneRidge, an unaffiliated investment manager of Piper Jaffray, is the discretionary manager for the Custom Cash Management Program. StoneRidge provides PJIM and each client with StoneRidge's regulatory brochure.

Client Selection of Sub-Adviser

PJIM requires that the client complete an Investor Profile questionnaire ("Investor Profile"), which is intended to measure the client's investment objectives, time horizons and risk parameters. Institutional clients may provide a written investment policy or written guidelines in addition to the Investor Profile, subject to the consent of PJIM and FAMCO or PJIM and StoneRidge.

The client is responsible for promptly bringing to PJIM's and FAMCO's or StoneRidge's attention any material change in the client's investment objectives or financial condition.

PJIM has engaged FAMCO and/or StoneRidge as sub-advisers for the Cash Management Strategies.

- FAMCO's or StoneRidge's past performance is no guarantee of future results;
- Market, interest rate and other investment related risks exist that may adversely affect the management of an account and cause a loss in the account;
- Risk parameter or comparative index selections provided for accounts are guidelines only – the selected risk parameters may be exceeded and index comparisons may outperform an account.
- Investing in securities involves risk of loss that clients should be prepared to bear.

Fixed Income Strategy

Relative to FAMCO's Core Fixed Income strategy, the Short Duration Fixed Income and the Custom Cash Management Advisory Programs place greater emphasis on principal preservation and providing liquidity for clients' operating or investment needs. The average duration of these customized portfolios is generally less than two years for the Short Duration Fixed Income Advisory Program and generally less than one year for the Custom Cash Management Advisory Program. These portfolios retain the orientation to high-quality and high-liquidity securities.

Fixed Income Risks

Credit Risk. This is the risk that the issuer or guarantor of a fixed income security will be unable or unwilling to make timely payments of interest or principal.

Interest Rate Risk. Generally, fixed income securities decrease in value if interest rates rise and increase in value if interest rates fall, with lower rated securities more volatile than higher rated securities.

Prepayment Risk. Accounts that invest in fixed income securities bear the risk that an issuer will exercise its right to pay principal on an obligation (such as an asset-based security) earlier than

expected. This may happen during periods of declining interest rates. Under these circumstances, an account may be unable to recoup all of its initial investment or may receive a lower-than-expected yield from this investment and may be forced to reinvest in lower yielding securities.

High Yield Securities Risk. High yield securities, also known as “junk bonds”, are below investment grade quality and may be considered speculative with respect to the issuer’s continuing ability to make principal and interest payments. Lower-rated securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities.

Federal Agency or GSE Securities. Regarding certain securities issued by federal agencies or GSEs (such as debt securities or mortgage-backed securities issued by Freddie Mac, Fannie Mae and the Federal Home Loan Banks), it is important to note that although the issuer may be chartered or sponsored by an Act of Congress, the issuer is not funded by Congressional appropriations, and its debt and equity securities are neither guaranteed nor insured by the U.S. government. Without a more explicit commitment, there can be no assurance that the U.S. government will provide financial support to such issuers or their securities.

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 PJIM or the integrity of PJIM’s management. PJIM has no applicable information to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Piper Jaffray Companies (NYSE:PJC) is a leading, global middle market investment bank and asset management firm. Securities brokerage and investment banking services are offered in the United States through Piper Jaffray & Co., member SIPC and FINRA; and in Europe through Piper Jaffray Ltd, authorised and regulated by the Financial Services Authority. Asset management products and services are offered through four separate investment advisory affiliates registered with the U.S. Securities and Exchange Commission: Advisory Research Inc.; Fiduciary Asset Management Inc.; PJC Capital Partners LLC and Piper Jaffray Investment Management LLC.

StoneRidge Investment Partners is a Philadelphia-based emerging and minority-owned, Registered Investment Adviser offering equity and fixed income investment solutions to institutional investors. StoneRidge manages assets for institutional investors including Taft Hartley plans, public funds, corporations, foundations, endowments and health care organizations.

Item 11 – Code of Ethics

The PJIM Code of Ethics is based on the principle that the officers, directors, and employees (or persons having similar status or function) of PJIM have a fiduciary duty to place the interests of clients ahead of their own interests and embodies the commitment of Piper Jaffray Companies and our subsidiaries, affiliated entities and representative offices to conduct our business in accordance with:

- our Guiding Principles
- the highest ethical standards; and
- all applicable laws, rules and regulations of the United States, the United Kingdom, Hong Kong, the People's Republic of China (the "PRC") and any other countries in which we operate.

The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at PJIM must acknowledge the terms of the Code of Ethics annually, or as amended.

The Code of Ethics has specific restrictions and disclosure requirements around initial public offerings, private placements and the prevention of the misuse of material, non-public information.

PJIM's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting the Chief Compliance Officer at PJIM, 800 Nicollet Mall, Suite 800, Minneapolis, MN 55402.

Item 12 – Brokerage Practices

Broker-Dealer Transactions

- (a) The sub-advisers may effect transactions with and through brokers or dealers other than PJ&Co. Directed securities transactions to a particular broker or dealer, if desired, will be done on a best efforts basis and the sub-advisers may not be able to seek best execution for the client.
- (b) In no event will the sub-advisers be obligated to effect any transaction for the Account which the sub-advisers believes would be in violation of any applicable federal or state law, rule or regulation, or of the rules or regulations of any regulatory or self-regulatory body.

No assurance has been or can be given to the client that the client will achieve his or her investment objectives by providing discretionary investment management authority to a sub-adviser in the

program, or by accepting or implementing in whole or in part any allocation strategy or any specific recommendation or suggestion by PJIM to engage the services of a sub-adviser.

Potential Conflicts of Interest

Piper Jaffray, in its capacity as a securities broker-dealer, investment banker and investment adviser, is routinely engaged in various securities transactions and trading activities for various clients and customers (in addition to the client) which could create conflicts of interest among its duties to the client and its duties to other clients and customers.

As a full service broker-dealer, on an ongoing basis and as permitted by applicable law, Piper Jaffray may when appropriate:

- Act as a principal, buy securities from, or sell securities to other clients,
- Act as broker or agent, effect securities transactions for compensation for other clients,
- Act as a broker or agent for any person other than a client or effect transactions in which client securities are sold to or bought from a client,
- Recommend to clients that they buy or sell securities or investment products in which PJ&Co. or a related person has some financial interest, or
- Buy or sell for itself securities that it also recommends to clients.

It is the duty of the sub-advisers to seek the best net price and execution on securities trades.

PJIM, the sub-advisers and their affiliates may give advice and take action in performing their duties to the client that differ from advice given, or the timing and nature of action taken, with respect to the Short Duration Fixed Income Advisory Program or the Custom Cash Management Advisory Program. In the course of their respective investment banking activities or otherwise, PJIM, the sub-advisers and their affiliates may from time to time acquire material non-public or other information about corporations or other entities or their securities. PJIM, the sub-advisers and their affiliates are not obligated and may not be permitted to divulge any such information to or for the benefit of clients, or otherwise act on the basis of any such information in providing services to clients. PJIM, the sub-advisers and their affiliates may trade for their own accounts securities that are recommended to clients.

PJIM has adopted and enforces internal policies and procedures with respect to conflicts of interest between PJIM and its clients. Pursuant to these policies and procedures, PJIM, when engaging in the enumerated above, treats clients fairly.

FAMCO, the sub-adviser to the Short Duration Fixed Income Advisory Program, is an affiliate of Piper Jaffray. Piper Jaffray and FAMCO will share the Program fee. StoneRidge, the sub-adviser to the Custom Cash Management Advisory Program, is not an affiliate of Piper Jaffray.

In addition to money market funds, assets may from time to time be invested in shares of other, unaffiliated open-end investment companies (mutual funds), provided that no front-end or deferred sales charge is payable in connection therewith. Such mutual funds may, however, provide for the payment of certain Rule 12b-1 and other asset-based charges. These payments may, where permitted under applicable regulatory requirements, be made to and retained by PJIM and its Piper Jaffray Representatives. If, and to the extent, that assets are invested in mutual funds, the client may indirectly pay duplicate advisory and other fees in connection with such investments.

Item 13 – Review of Accounts

PJIM is responsible for supervising its employees and agents in the performance of their job responsibilities, to provide effective advisory services to its clients and to ensure, to the extent reasonably possible, that those services are provided in accordance with applicable legal requirements and firm policies. The sub-advisor's portfolio manager and PJIM periodically review the overall investment objectives of the account to ensure that they are consistent with the fashion in which the account is to be managed. This responsibility requires, among other things, that securities recommendations will be made on the basis of an adequate analysis of the client's financial needs, circumstances, and level of experience, and that any recommended investment is suitable to the particular client in light of the nature and objectives of that client that are known to PJIM.

Client Reports and Communications

On a periodic basis, PJIM or the sub-advisers may provide the client with a performance evaluation of the account. The report may include the performance of the client's account in terms of time-weighted rate of return and may compare the account's performance to that of selected benchmarks. The performance reports merely provide historical information regarding the account and may not be relied upon as predictive of future performance.

The Piper Jaffray Representative will generally contact the client at least annually, and is available for consultation with the client, to discuss the account as well as the client's investment objectives and financial condition.

PJIM places no restrictions on the client's ability to contact or consult with the sub-advisers.

Item 14 – Client Referrals and Other Compensation

Other than the compensation described in Item 5, PJIM does not receive an economic benefit from anyone other than its clients.

Item 15 – Custody

Short Duration Fixed Income Advisory Program. The qualified custodian for the Short Duration Fixed Income Advisory Program is PJ&Co. Clients should receive at least quarterly statements from PJ&Co. PJIM urges you to carefully review such statements and compare such official custodial records to the reports that may be provided by FAMCO. The FAMCO reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Custom Cash Management Advisory Program. Client assets in the Custom Cash Management Advisory Program are held with banks or registered broker-dealers that are “qualified custodians.” Clients should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains client’s investment assets. PJIM urges you to carefully review such statements and compare such official custodial records to the reports that may be provided by StoneRidge. The StoneRidge reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Clients in the advisory programs provide sub-advisers with discretionary authority at the outset of the 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, the sub-advisers observe the investment policies, limitations and restrictions of the clients for which it advises.

Item 17 – Voting Client Securities

The sub-advisers shall vote any proxies on behalf of the account under its firm policy guidelines as described in the their advisory brochures and client agreements unless client provides in writing that it votes any proxies. PJIM shall not vote proxies on behalf of the Account. Proxy voting shall be limited to any investment company investments because the accounts shall be primarily fixed income securities.

Item 18 – Financial Information

In certain circumstances, registered investment advisers are required to provide you with financial information or disclosures about their financial condition in this Item. PJIM 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. Piper Jaffray Companies files quarterly and annual financial statements with the SEC. These are available through the SEC and on PJC's web site at the following location: <http://www.piperjaffray.com>.