

Part 2A of Form ADV:

FIRM BROCHURE

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INVESTMENT ADVISORS

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This brochure provides information about the qualifications and business practices of Frost Investment Advisors, LLC. If you have any questions about the contents of this brochure, please contact Bob Pfeifer, Chief Compliance Officer, of Frost Investment Advisors, LLC at phone number 1-210-220-5070 or via email at bob.pfeifer@frostinvestmentadvisors.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 Frost Investment Advisors, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. References to Frost Investment Advisors, LLC as a "registered investment adviser" or descriptions of being "registered" does not imply a certain level of skill or training.

MATERIAL CHANGES

Material changes have been made to our disclosure brochure since the last annual update, March 2, 2012. Notification has been added that a minimum advisory fee may be assessed to a client's account for investment management services. Notification has been added of a potential credit of the advisory fees attributed to the Frost Funds held in discretionary trust accounts of our parent company, Frost Bank. The legal name of the Adviser's parent company has been changed from The Frost National Bank to Frost Bank.

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Advisory Business

Frost Investment Advisors, LLC ("Adviser") is a registered investment adviser with the United States Securities and Exchange Commission ("SEC"), first registered in January of 2008. We are a wholly owned subsidiary of Frost Bank ("Frost"). Frost is a wholly owned subsidiary of Cullen/Frost Banker's Inc., a financial services holding company offering insurance, brokerage, and investment services through the subsidiaries of Frost Bank and its affiliate Frost Securities, Inc. Cullen/Frost Banker's Inc. is publicly traded on the New York Stock Exchange ("NYSE") under the symbol CFR. As of September 30, 2013 we have \$8,367,860,766 .00 of discretionary assets under management and \$1,115,074,069.00 of non-discretionary assets under management.

We offer equity and fixed income management, providing a range of style-based investment approaches including: equity value, equity growth, equity small cap, equity mid cap, international equity, balanced, taxable and tax-exempt fixed income objectives. In addition, we manage broad-based asset allocation strategies for separately managed accounts. We do not provide custody services for separately managed accounts, allowing each client to select their preferred custodian.

We provide investment supervisory services to registered investment companies (mutual funds) through a range of style-based investment approaches including: equity value, equity growth, equity small cap, equity mid cap, international equity, balanced, taxable and tax-exempt fixed income objectives. We also provide management to registered investment companies through blended strategies using many of the styles described above in a single mutual fund. This is done through the use of quantitative asset allocation strategies using equities, options, debt instruments, and government securities in various combinations. Management styles, objectives and constraints are described in the mutual fund prospectuses for each fund. Accounts are managed by internal portfolio managers or through contractual relationships with sub-advisers. Custody services for the mutual funds are provided by Union Bank.

We can create a customized portfolio to meet a specific purpose, or for clients who do not have a particular

preference, we can manage in general strategies. Portfolio characteristics which use certain securities or types of securities, rating quality requirements, restraints on weighted average duration, tax exempt status and liquidity are also accommodated.

Fees and Compensation

We calculate fees on accounts as a percentage of the assets under management. We bill clients for advisory fees incurred on a monthly or quarterly basis, after services are provided.

We may recommend the purchase of our managed mutual funds to you. A conflict of interest may exist to the extent that the total compensation to us is increased. Even if no direct compensation is paid to us or our staff, there may be indirect benefits received by us as a result of the transactions. All clients are informed of our advisory relationship to the mutual funds. You are not required to purchase our mutual funds or can purchase them through other brokers or agents that are not affiliated with us.

Our investment advisor representatives ("IAR") may recommend to you investment products; including mutual funds, variable and fixed annuities, and other insurance products sponsored by us or our affiliates. We may also recommend to you model portfolios invested in Adviser managed and third party managed mutual funds. IARs may have a financial incentive to recommend our managed mutual funds over other mutual funds, programs or services which may be available. This practice presents a conflict of interest and may give our IARs an incentive to recommend investment products based on the compensation they receive, rather than on your needs. Additionally, we may have a conflict of interest when assisting you in selecting these investment services, investment products, insurance products, and custodians. The conflict is created because Frost Bank, our parent company, may receive more compensation if you select products or services managed or offered through us and our affiliates.

Fees and Compensation for Separately Managed Accounts

Clients are charged a single, asset-based fee for our services. These fees range from 10 to 60 basis points for fixed income management and 40 to 100 basis points for equity management, annually. For accounts invested in multiple asset classes fees range from 40 to 100 basis points, annually. Advisory fees are based on the complexity of the selected investment product and level of service required by each client. Advisory fees are calculated based on the market value of account assets under management as of the close of business each month. The advisory fees for the initial month are prorated, based upon the number of calendar days in the month that the advisory agreement is in effect. Advisory fees are payable monthly or quarterly, after services are provided.

We have the right to change any or all of our fee schedules as agreed upon by contract with individual clients. We may negotiate advisory fees at the sole discretion of our management. Negotiated fees may be lower, or higher, than the fees stated above. Comparable services for lower fees may be available from other sources. There may be a minimum advisory fee assessed to a client's account for investment management services.

The fees discussed above include payment solely for the investment advisory services provided by us. The advisory fee does not include mark-ups, markdowns, or payment of brokerage commissions, other transaction costs, or custody fees. Custody services may be provided by a number of qualified custodians, including our parent company, Frost Bank. We do not recommend the use of any specific custodian. Also, the fee does not include management or other fees imposed by other investment companies or other investment advisers. Brokerage commissions, mark-ups or markdowns, and other transaction costs are charged to the client in addition to the advisory fee discussed above. Please see the "Brokerage" section of our brochure for additional information.

Either party, without penalty, may terminate the advisory agreement, subject to the terms of any contract in force at that time. Should either party terminate the advisory

agreement we have entered into before the end of a billing period, any unpaid fees for services received by you become immediately due and payable. The amount owed by you is calculated by dividing the advisory fee due for the month or quarter, by the total number of days in the month or quarter. This daily fee is then multiplied by the number of calendar days in the quarter that our agreement was in effect. This amount, which equals the amount we earned for the partial month or quarter, is your fee due and payable immediately.

Fees and Compensation for Investment Companies

The mutual funds are charged a monthly, asset-based fee for the Adviser's services. These fees range from 10 to 60 basis points for fixed income management and 25 to 100 basis points for equity management, annually. The fees are based primarily on the complexity of the underlying investment mandate. The fees are calculated from the market value of the mutual funds' monthly average daily balance as determined by the custodian as of the close of business each month. The advisory fees for the initial month are prorated, based upon the number of calendar days in the month that the advisory agreement is in effect. The advisory fees are payable monthly, after services have been provided.

In our capacity as the Adviser to the Frost Funds, we receive advisory fees in respect of assets held in discretionary trust accounts of our parent company, Frost Bank, that are invested in Frost Funds. Frost Bank's general policy is that its trust clients should not pay advisory fees at both the trust level and the fund level when trust account assets are invested in Frost Funds. In furtherance of this policy, we may credit to Frost Bank the portion of our overall advisory fees attributable to assets from Frost Bank trust accounts.

Performance-Based Fees and Side-By-Side Management

Frost Investment Advisors, LLC does not engage in the management of any hedge fund or unregistered fund, reducing the potential for conflicts of interest between mutual fund strategies and separately managed accounts.

We do not enter into performance-based fee contracts when managing client accounts.

Types of Clients

The Adviser generally provides investment advice to the following types of clients:

- Individuals;
- Banks or thrift institutions;
- Investment Companies;
- Pension and profit sharing plans;
- Trusts, estates or charitable organizations;
- Corporations or business entities other than those listed above; and
- State and municipal entities.

The minimum account size for a separately managed account with the Adviser is \$10,000,000.00. This minimum may be raised or lowered on an account by account basis at the discretion of our management. For complex strategies the minimum account size may be substantially larger in order to develop a portfolio that is representative of the underlying strategy.

Methods of Analysis, Investment Strategies and Risk of Loss

We use the following methods of analysis and investment strategies in formulating investment advice or managing assets: fundamental, technical and cyclical.

Technical analysis is a method of evaluating securities by analyzing statistics generated by market activity, such as past prices and volume. Technical analysts do not attempt to measure a security's value, but instead use charts and other tools to identify patterns that can suggest future activity.

Fundamental analysis is a method of evaluating a company that has issued a security by attempting to measure the value of its underlying assets. It involves studying overall economic and industry conditions, as well as the financial condition of the company and the quality of its management. Earnings, expenses, assets and liabilities are all important factors for determining the value of a company. This value is then compared to the current price of the company's security to determine whether to purchase, sell or hold the security.

Cyclical analysis is a form of fundamental analysis that involves making investment decisions based on the different stages of an economic cycle and the potential strength of that industry at a given point in time.

We use the following investment strategies to implement investment strategies for clients: long term purchases (securities held at least a year); short term purchases (securities held less than a year); option writing, including covered options, spreading strategies; and the use of sub-advisers to provide management expertise in some narrowly defined investment mandates (e.g. International Equity or Equity Small Cap). A client may place restrictions on the strategies to be used and the characteristics of assets to be held in their portfolio.

You are advised that investing in securities involves risk of loss that you should be prepared to bear.

All investments involve risks that can result in loss:

- Loss of principal;
- A reduction in earnings (including interest, dividends and other distributions); and
- The loss of future earnings.

Additionally, these risks may include:

- Market risk;
- Interest rate risk;
- Issuer risk; and
- General economic risk.

We manage each portfolio in a manner consistent with its appropriate level of risk, though we cannot guarantee that our efforts will be successful. You should be prepared to bear the risk of loss of your investment.

You must be aware that the use of options may increase the risk of loss. It is possible to lose your entire principal that you invest. In a cash account, your risk is limited to the amount of money that you have invested. Additionally, frequent trading can affect investment performance, particularly through increased brokerage expenses, other transaction costs and taxes.

Disciplinary Information

We have no legal or disciplinary events to report that are material to our advisory business or the integrity of our management.

Other Financial Industry Activities and Affiliations

Our parent company, Frost Bank, is a wholly owned subsidiary of Cullen/Frost Banker's Inc., a financial services holding company offering insurance, brokerage, and investment services through the subsidiaries of Frost Bank and its affiliate Frost Securities, Inc.

We may advise you on the purchase of our managed mutual funds. A conflict of interest may exist to the extent the total compensation to us is increased. In addition, even if there is no direct compensation paid to us or our staff, there may be indirect benefits received by us or our affiliates as a result of the transactions. All of our clients are informed of the advisory relationship of Frost Investment Advisors, LLC to the mutual funds, and you are not required to purchase mutual funds managed by us.

Frost Brokerage Services, Inc., a broker/dealer, is a wholly owned subsidiary of Frost Bank. Frost Insurance Agency, Inc., a multiline insurance agency, is also a wholly owned subsidiary of Frost Bank.

Three of our employees maintain an insurance license through the Texas Department of Insurance with no appointments to a specific insurance company or to Frost Insurance Agency, Inc.; the Adviser does not anticipate any additional individuals licensed in this way.

We may review and comment on the suitability of insurance products contained in client accounts. There may be indirect benefits received by us or our affiliates as a result of these transactions, even if there is no direct compensation paid to us or our members. Clients are informed of our relationship with Frost Insurance Agency, Inc. and are not required to take our insurance advice.

We trade securities in the mutual funds that are also traded in individual client accounts. We also trade securities in the mutual funds or in specific separately managed accounts that are inappropriate for other

individual client accounts. We have developed appropriate trading policies and procedures in order to protect your interests in these situations.

Code of Ethics, Participation of Interest in Client Transactions and Personal Trading

We have adopted a Code of Ethics (the "Code") to address staff conduct. The Code focuses on our fiduciary duty to you, personal securities transactions by our staff, insider trading, gifts our staff may give or receive and conflicts of interest. The Code of Ethics includes our position on the following topics:

- The duty at all times to place the interests of our clients first;
- That all personal securities transactions be conducted in a manner consistent with the Code of Ethics and to avoid any actual or potential conflict of interest, or any abuse of an employee's position of trust and responsibility;
- That staff may not take inappropriate advantage of their positions;
- That information concerning a client's financial information, personal information and security holdings are confidential and should be kept secure; and
- That independence in the investment decision-making process is important.

We will provide a copy of the Code of Ethics to you and any prospective client upon request.

We may advise you on the purchase of our managed mutual funds. A conflict of interest exists to the extent the total compensation to the Adviser is increased. In addition, even if there is no direct compensation paid to us or our members, there may be indirect benefits received by us or our affiliates as a result of the transactions.

Our clients are informed of our relationship to the mutual funds we manage, and clients are not required to purchase mutual funds managed by us. We may also trade securities in the mutual funds that are also traded in individual client accounts. We have developed

appropriate trading policies and procedures in order to protect your interests in these instances.

Our staff is permitted to engage in personal securities transactions. These transactions raise potential conflicts of interest if they were to trade in a security that is owned by a client, or considered for purchase or sale to a client. We have adopted policies and procedures that are intended to make sure that transactions are effected for you in a manner that is consistent with the fiduciary duty owed to you. Staff who buy or sell securities of the types bought or sold for you may do so only if they conform to our written policies.

Brokerage Practices

Section 28(e) of the Securities Exchange Act of 1934 ("Section 28(e)") allows us, under certain circumstances, to cause our clients to pay a broker or dealer a commission that is larger than another broker or dealer may have charged for the same transaction. This additional cost recognizes an additional value provided by the broker or dealer, perhaps in the form of specialized trade execution or research. These additional services may include (1) furnishing advice for valuing securities, whether or not to buy or sell a specific security, or the availability of special types of securities, or access to buyers or sellers of securities that have limited markets; (2) furnishing analyses and reports about debt issuers, industries, individual securities, economic factors and trends, portfolio strategy, and account performance; and (3) executing trades and performing other functions (such as clearance, settlement, or custody). We believe that access to independent investment research helps us in the investment decision-making processes, resulting in a better product for you.

Where research products and services are a factor in selecting brokers, these products and services may be delivered in written form or through direct contact with individuals, and may include information about specific companies and securities, as well as market, economic, or institutional information that helps in the valuation and pricing of securities. Examples of services we might use commissions for include portfolio modeling software, economic forecasts, and other information on the economy, industries, sectors, groups of securities,

individual companies, statistical information, political developments, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance and other analysis. We will use commissions in ways that fall within the safe harbor of Section 28(e) although, as we discuss below, we may buy products and services that have both research and non-research uses.

We review the brokerage relationships we have established as needed, considering the amount and nature of the research they provide, the cost of this research relative to their peers, the quality of their trade execution, their financial strength and reputation. We allocate our trading commissions based on these considerations. A broker may still be assigned a trade even if they do not provide specialized brokerage or research services.

Unless you specifically direct otherwise, all of our accounts participate in the soft dollar arrangements described above. Research we purchase with soft dollars may be used in servicing any or all of our clients, and may also be used by us for accounts that did not pay commissions to the broker providing the research. Research products and services received by us are in addition to, and not instead of, the services we perform under our management agreements. Fees paid to the Adviser are not reduced as a result of receiving these research products and services. Products or services other than research that we buy with soft dollars are used exclusively for the benefit of the account that paid commissions to the broker providing those services.

We monitor soft dollar arrangements to identify where a research product or service has a mixed use (research and non-research), and we make a reasonable allocation of the cost of the product according to the proportion of its use for each aspect. The part that is used in the investment decision-making process may be paid for by soft dollars. Those services that provide administrative or other non-research assistance to us (such as computer hardware, marketing, management systems integrating trading, execution, accounting, record keeping and other administrative matters) are outside the safe harbor of Section 28(e) and must be paid for by us using our own funds. We have a conflict of interest in making this

research/non-research determination. We maintain records concerning mixed-use allocations and review these decisions for appropriateness on a regular basis.

We may engage in internal cross trades where the trades will benefit the client on both sides of the trade. We will not directly or indirectly receive commissions or transaction-based compensation from the trade; we receive no compensation other than our advisory fee. Pricing for such trades will be obtained from IDC or another approved independent pricing service. Documentation of each trade will be maintained by the respective trading desk and reviewed on a quarterly basis by our Chief Compliance Officer.

We may purchase new issue securities for your account. These are securities that have been registered, issued and are being sold on a market to the public for the first time. Securities that have been newly issued can include equity and debt, such as municipal bonds. Our affiliate, Frost Bank, Frost Capital Markets Division, may serve as underwriter or as a member of the selling syndicate for new issues. This could create a conflict of interest if the securities are purchased from our affiliate, resulting in additional compensation to our parent firm. We reduce this conflict by only purchasing new issues for your account from a member of the syndicate that is not affiliated with Frost Capital Markets Division. The offering price of a new issue is the same regardless of where it is purchased.

Our policies and procedures generally prohibit disclosure of nonpublic information respecting current fund portfolio holdings. There may be circumstances when this information is disclosed to specified vendors when we determine that it is necessary or desirable to do so. We may provide portfolio holdings information, by way of model portfolios and investment advice, to clients other than the Funds. This may include our affiliates or other institutions involved in the normal operation of our advisory business.

We may aggregate orders in a bunched, or block, trade(s) when securities are purchased or sold for multiple discretionary accounts. We must reasonably believe that the bunched order is consistent with our efforts to provide

best execution, and will benefit each client participating in the aggregated order equally. The average price of the security in each bunched trade is allocated to each account that participates in the trade. Accounts that participate in the same bunched trade are charged commissions, if applicable, as described in their advisory contracts. Different accounts participating in an aggregated transaction may not be charged the same commission rates. We prohibit personal trades of our staff to be bought or sold within bunched trades executed on behalf of our clients.

If a bunched order cannot be traded fully at the same price or time, the securities actually purchased or sold by the close of each business day are allocated in a way that is consistent with the initial pre-allocation of the trade. This is done in a way that does not advantage or disadvantage particular client accounts. For example, partially filled orders are assigned to client accounts on a prorated basis for all participating accounts. Prior to entry of a bunched trade, a written pre-allocation is generated which identifies the group of client accounts participating in the order. If an account is added to the bunched trade after the first day of trading, it is accorded a prorated share of the remaining block as it is traded.

Changes in allocation before final execution may be made provided that all client accounts receive fair and equitable treatment. A written explanation of the reason for any material change in the allocation is documented no later than the morning following the execution of the trade.

It is our policy that you must not be disadvantaged if a trade entered into your account contains an error (either wrong number of shares, wrong product or wrong account). Trades are amended to reflect the original intent of the trade order. If this change results in a trading loss we will reimburse this loss to you. If this change results in a trading gain, that gain is applied to your account.

Review of Accounts

We review your accounts periodically for compliance with your stated objectives. This review is performed at least annually, by an investment adviser representative (IAR). Your accounts are reviewed in relation to your investment

policy statement, performance and material changes in the markets, and political or economic environment.

Client Referrals and Other Compensation

We may compensate employees or employees of our affiliates who refer clients to us for investment advisory services. We may participate in programs sponsored by our parent company, Frost Bank, to pay them a percentage of the fee paid to us by clients that are determined to have become clients as a result of our affiliate's direct or indirect efforts. In this way, an employee of Frost Bank may have a financial interest in your selection of us as your adviser. These payments are a portion of the fee charged by us and do not result in an increase in the amount of fees paid by you. Any solicitation or referral arrangements will comply with applicable laws and regulations that govern the payment of referral fees.

We may also enter into written compensation agreements with unaffiliated firms, investment adviser representatives and professionals, such as certified public accountants and attorneys. Where appropriate, we may pay these firms or persons a percentage of the fee paid to us by clients that are determined to have become clients as a result of their direct or indirect efforts. These payments will be a portion of the fee charged by us and will not result in an increase in the amount of the fee paid by you. Any solicitation or referral arrangements will comply with applicable laws and regulations that govern the nature of the service provided. When required, written disclosure will be provided to prospects introduced under these arrangements, stating the specific fees to be paid and requiring written acknowledgment of the arrangement from you.

Custody

Frost Investment Advisors, LLC does not provide custody related services. Custody related services are available through our affiliate, Frost Bank. Clients of the Adviser are not required to utilize our affiliate for custody services. A separate agreement is required with Frost Bank or any other qualified custodian.

You will receive statements from your custodian reflecting the account activity and holdings at least quarterly. You may also have online access to view your account activity and performance. You should carefully review the

statements received from your custodian and verify that the transactions in your account are consistent with your investment goals. As disclosed above, any custody fee is separate from the advisory fee charged to you.

Investment Discretion

We manage many of our advisory accounts on a discretionary basis. The type and amount of securities to be bought and sold in these accounts does not require advance approval from you. This discretion includes the authority to place securities transactions without prior consent from you. We also have the authority to choose the broker-dealer used for each trade, as well as to negotiate commissions on your behalf.

Voting Proxy Statements for Client Owned Securities

Unless otherwise directed by you in writing, proxies on securities held in your accounts are voted by our internal managers, or by a selected third party. We have adopted policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions made on behalf of your accounts, and to ensure that our decisions are in compliance with our fiduciary obligations to you. Our contract may permit you to direct the voting of a particular proxy if you choose. Our proxy voting policies and procedures, including information for you on how your securities were voted, are available upon written request to:

Frost Investment Advisors, LLC
Attention: Bob Pfeifer, Chief Compliance Officer
100 West Houston Street, 15th Floor
Post Office Box 2509
San Antonio, TX, 78299-2509.

We review, and may elect to participate in, class action lawsuits involving securities owned on your behalf.

Financial Information

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