

CAMPBELL NEWMAN ASSET MANAGEMENT, INC.

FORM ADV – PART 2A

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This brochure provides information about the qualifications and business practices of Campbell Newman Asset Management, Inc. (“CNAM”). If you have any questions about the contents of this brochure, please contact us at (414) 908-6670. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about CNAM (CRD No. 107003), including a copy of its Form ADV Part 1, is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

CNAM has made changes to its Disclosure Brochure since its last annual update on January 17, 2013. The follow summary includes material changes to either disclosures or business practices, as indicated.

Client Relationships

Below is a summary of material changes to Items 7 and 11 related to accounts managed by CNAM on behalf of a CNAM owner, which are considered proprietary accounts. CNAM considers this enhanced disclosure to be a material change due to the potential conflicts of interest associated with trading these accounts alongside client accounts and the potential for favoritism. CNAM has policies and procedures in place to address these conflicts of interest, including a Code of Ethics and Personal Trading Policy and investment and trade allocation procedures.

Item 4 – Advisory Business

CNAM no longer engages an external investment adviser on a sub-advisory basis for the fixed income portion of client accounts.

Item 5 - Fees and Compensation

CNAM has updated its disclosures to reflect that it no longer engages a sub-advisor to assist in managing client accounts.

Item 3

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Item 4 - Advisory Business

Campbell Newman Asset Management, Inc. (“CNAM”) is an investment adviser registered with the U.S. Securities & Exchange Commission (“SEC”). CNAM provides professional portfolio management services to institutional clients including pension and profit sharing plans, charitable organizations, corporations, and government entities, as well as high net worth and other individuals, including those managed through wrap programs. CNAM became registered as an investment adviser in August 1972. Registration does not imply a certain level of skill or training. CNAM’s principal owner is Mary Campbell Brown, President, while Thomas H. Bolgert, Vice President, and Rimas M. Milaitis, Director of Research, have non-controlling ownership interests.

Investment Management Services

CNAM provides discretionary investment management services on a supervisory basis based on the individual needs and objectives of each client. CNAM will manage a client account in accordance with the client’s Investment Management Agreement (“IMA”) and any reasonable investment restrictions.

CNAM offers equity investment management services following one of two investment strategies: Large Cap Dividend Growth and Large Cap Growth. Securities included in these strategies include large capitalization stocks defined as having a market capitalization greater than \$1 billion and average daily trading volume of greater than 200,000 shares.

CNAM also provides investment management services following a balanced approach to legacy client accounts. The balanced approach which includes large capitalization stocks and fixed income investments is not currently offered to new clients. CNAM considers the client’s financial situation, objectives, goals and investment restrictions in managing these accounts. It is the client’s responsibility to timely provide CNAM updated information as the client’s circumstances change. Fixed income investments may include fixed income mutual funds and exchange-traded funds, corporate bonds, government securities, municipal bonds, and agency bonds.

A client may request that CNAM include certain securities and investment products not managed by CNAM in the account; however, these investments will be designated as unsupervised and excluded from assets under management.

A portion of client accounts may be held in cash or cash equivalents, including money market mutual funds.

CNAM provides investment management services to clients in wrap fee programs sponsored by a bank or broker-dealer (“wrap program sponsor”). There is no difference in CNAM’s investment management strategy or philosophy between wrap fee accounts and its other clients. In a wrap fee program, the wrap program sponsor charges its clients a bundled fee for an array of investment services, such as brokerage, advisory, research, custody and management services. CNAM receives a portion of the bundled fee for its investment management services. Clients participating in the wrap fee program are invoiced directly by the wrap program sponsor.

CNAM has entered into agreements with other investment advisers (“Model Platform Accounts”) to provide its Large Cap Dividend Growth and/or Large Cap Growth investment models to these other investment advisers in exchange for an investment management fee.

Assets Under Management

As of the December 31, 2013, CNAM had assets under discretionary management of \$403,061,837 and non-discretionary management of \$40,235,934. Non-discretionary managed assets related to legacy accounts as CNAM does not offer investment management services on a non-discretionary basis.

Item 5 - Fees and Compensation

General Fee Information

CNAM charges clients a fee based on a percentage of the account's market value. CNAM's fees for equity accounts begin at 0.85% with a sliding fee scale based on assets under management. Fees are negotiable based on certain factors considered material by CNAM including, but not limited to, type of client, assets under management and special service requests by the client. As fees are negotiable, some clients are paying higher or lower fees than others. CNAM maintains investment, trade allocation and account valuation policies and procedures designed to address potential conflicts of interest related to the fact that different clients may pay different fee schedules.

Fees are generally payable quarterly in advance and are calculated based on the market value of the client's account as of the last business day of the previous quarter. CNAM, at its discretion, combines related accounts for fee calculation purposes, and may negotiate a set quarterly fee if appropriate given a client's circumstances. If the advisory relationship is terminated by either CNAM or the client, a refund will be made to the former client for prepaid fees which will be prorated for the balance of the quarter. CNAM is paid directly or CNAM deducts fees directly from client accounts based on the client's written direction. In either situation, clients receive an original invoice as part of the standard reporting package.

Clients also separately incur custody, brokerage, and transaction costs. Please see Item 12 for additional information on our brokerage practices. If a mutual fund or exchange-traded fund is held in a client account, the client will separately incur expenses and fees related to that fund.

When CNAM is providing investment management services as part of a wrap fee program, the wrap program sponsor charges its clients a bundled fee for a package of investment services, such as brokerage, advisory, research, custody and management services. CNAM receives from the wrap program sponsor a portion of the bundled fee for investment management services.

Under a Model Platform Account arrangement, CNAM is compensated directly by its client (the other adviser) based on that adviser's clients' assets invested in CNAM's model(s).

Account Valuation Practices

CNAM uses account market values to calculate investment performance and client fees, so it is important that these values are as accurate as possible. CNAM's account valuation practices are described below.

CNAM uses pricing information provided by Interactive Data Corporation (CNAM's "Primary Pricing Source") for purposes of valuing client portfolios for investment performance calculation purposes. Unless otherwise directed by the client, CNAM uses pricing information provided by the Primary Pricing Source for fee billing purposes.

If, at the time of valuation, a price cannot be obtained for a specific security from the Primary Pricing Source, a secondary source will be utilized for that specific security. Secondary source information will be obtained as available in the following order for individual equity securities: custodian price and

Telemet America. Secondary source information for individual fixed income securities will be obtained from the custodian. In regard to mutual funds, CNAM will utilize pricing information obtained from the fund's website as a secondary source.

When the Primary Pricing Source or Secondary Pricing Source are unable to render a price or when CNAM's portfolio managers strongly believe these sources do not provide a price reflective of fair market value, CNAM's Valuation Committee will determine a fair value for that security.

There are inherent conflicts of interest when CNAM values client accounts, as higher security prices increase market values, thereby enhancing performance results and increasing fees. In addition, because clients pay different fees based on differing fee schedules or the size of the account, CNAM has an incentive to favor those accounts where it earns the highest fees. CNAM maintains investment, trade allocation and account valuation (including fair valuation) policies and procedures to address such conflicts of interest.

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

CNAM is not currently engaged in any performance-based fee arrangements but is open to the discussion.

Item 7 - Types of Clients

CNAM makes its advisory services available to a wide variety of clients including institutional clients including pension and profit sharing plans, charitable organizations, corporations, and government entities, as well as high net worth and other individuals, including those managed through wrap programs.

CNAM manages the firm's profit sharing plan, a portion of which is invested in the Large Cap Dividend Growth and Large Cap Growth strategies. The profit sharing plan does not pay an advisory fee and is considered a proprietary account due to the employees' ownership stakes in the firm. CNAM also manages accounts for an owner of CNAM. The accounts do not pay an advisory fee and are considered proprietary accounts due to the CNAM owner having primary financial interest in the accounts. To assist in mitigating potential conflicts of interest, the accounts are traded last in the trading order per CNAM's trade aggregation and allocation policy.

CNAM also manages a separate account for a family foundation and CNAM's President serves as an officer and director. This account is considered a client account, pays an investment management fee, trades along with client accounts, and receives standard client reporting. CNAM's President has no financial interest in this account. CNAM maintains trading policies and procedures designed to address conflicts of interest associated with this account. Please see Item 12 for further disclosure of CNAM's trading practices.

CNAM may manage accounts using firm assets (proprietary accounts) from time to time in order to establish a performance track record. Currently, CNAM manages one such account and there is no overlap in securities between this proprietary account and any CNAM client account. CNAM does not believe this practice presents any actual conflicts of interest. However, CNAM maintains a Code of Ethics requiring CNAM employees to treat all clients fairly and investment and trade allocation policies and procedures to address any potential conflicts of interests.

CNAM has a stated minimum account value of \$1,000,000. CNAM's participation in wrap fee programs requires acceptance of account sizes less than the generally preferred minimum. Account minimums may be subject to negotiation.

As discussed in Item 14 below, CNAM engages a third-party solicitor. A majority owner of the third-party solicitation firm is also a CNAM client. This account is managed according to one of our equity investment strategies in accordance with the signed IMA including the payment of an investment management fee to CNAM. This client relationship represents a potential conflict of interest as CNAM has an incentive to favor this client account in order to secure additional client referrals and the solicitor has an incentive to refer additional business to CNAM to assure CNAM's future growth and success. CNAM maintains a Code of Ethics and investment and trade allocation policies and procedures designed to address such conflicts of interest.

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

Investment Philosophy and Methods of Analysis

CNAM manages two equity strategies: Large Cap Dividend Growth and Large Cap Growth. Client accounts in each strategy are generally managed in accordance with a model maintained by CNAM's Investment Committee. CNAM's core investment philosophy when managing its Large Cap Growth strategy is that earnings growth drives stock prices. When managing its Large Cap Dividend Growth strategy, CNAM's core investment philosophy is a belief that a company's dividend policy is tangible evidence of management's confidence in future earnings growth. CNAM's research process is independent and bottom-up. In each strategy, CNAM's security analysis methods include, but are not limited to, fundamental analysis (evaluating securities based upon its historical and projected financial performance) and, to a much lesser degree, technical analysis (examining technical moves in the price of an issue based upon peer securities or comparisons to an investment sector or index).

CNAM's main sources of information include, but are not limited to, financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, timing services, annual reports, prospectuses and public filings and company press releases.

Equity Investment Strategies

Below is a description of CNAM's investment strategies, including material risks of investing.

Large Cap Dividend Growth

CNAM's Large Cap Dividend Growth strategy seeks to outperform the large cap indices (S&P 500, Russell 1000, Russell 1000 Value and Russell 1000 Growth) over a market cycle at lower levels of volatility. To accomplish this goal, the strategy focuses on companies with a history of annual dividend increases and higher than average current yields, for we believe these attributes are important signals of management's confidence in future earnings growth. The Large Cap Dividend Growth strategy invests in approximately 25 to 35 companies and is benchmarked against the S&P 500 Index.

Large Cap Growth

CNAM's Large Cap Growth strategy seeks to provide superior long-term investment returns through the ownership of a portfolio of established, high-quality growth stocks that possess exceptional financial and fundamental characteristics. The Large Cap Growth strategy invests in approximately 35 to 45 companies and is benchmarked against the Russell 1000 Growth Index.

Fixed Income Investments

For those legacy clients that maintain balanced accounts with CNAM, the fixed income component is generally managed using fixed income mutual funds and exchange-traded funds in accordance with the client's directive. Certain accounts may hold individual fixed income securities which are monitored by CNAM until maturity.

Risk of Loss

Client accounts are subject to general market risk. The value of the securities held in client accounts will tend to increase or decrease in response to movements in the market. Individual stocks may decline in value or not increase in value, even when stock markets in general are rising.

Client accounts are also subject to investment style risk. A client account invested in one of CNAM's investment strategies, as described above, involves the risk that the investment strategy may underperform other investment strategies or the overall market. For example, growth companies are generally more susceptible to market events and sharp declines in value than established companies. Large companies tend to exhibit less price volatility than small companies; however, historically they have not recovered as fast from a market decline. Fixed income investments are subject to credit risk and interest rate risk either of which may affect the market value of a client's account. Investing in securities involves risk of loss that clients should be prepared to bear and CNAM does not guarantee rates of returns for any time period for any client.

CNAM does not assure or guarantee the results of any of its recommendations; thus, losses can occur from following CNAM's advice pertaining to any investment or investment approach, including using conservative investment strategies.

Other Information

Certain equity securities overlap across strategies which may create an opportunity for CNAM to favor one strategy over another when allocating investment opportunities across client accounts. CNAM invests in securities of issuers that are CNAM clients which could cause it to not follow its investment strategy and/or favor these accounts over other client accounts. CNAM maintains portfolio management, investment and trade allocation and proxy voting policies and procedures designed to address such conflicts of interest. Further, CNAM's Investment Committee approves all purchases and sales for each strategy's investment model which is then implemented across client accounts.

CNAM will give advice and take action in the performance of its duties to a client which may differ from advice given, or the timing and nature of the action taken, with respect to other client accounts.

Item 9 - Disciplinary Information

CNAM does not have any disciplinary information to disclose.

Item 10 - Other Financial Industry Activities and Affiliations

CNAM has no financial industry activities or affiliations to disclose.

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

Standards of Conduct

CNAM maintains a Code of Ethics which applies to all employees of CNAM. As a fiduciary, CNAM has a duty to act solely in the best interests of each of its clients. This fiduciary duty compels all employees to act with the utmost integrity in all dealings. In connection with these expectations, we have established core principles of conduct for our employees. Further, CNAM expects its employees to avoid potential conflicts of interest or even the appearance of such conflicts.

CNAM's Code of Ethics outlines the standards of conduct expected of its employees and includes limitations on personal trading, giving and accepting gifts/entertainment, serving as a director or trustee for an external organization, and engaging in outside business activities. In addition, employees are prohibited from using inside information to trade in personal accounts or on behalf of our clients. CNAM also maintains physical and electronic safeguards to protect nonpublic client information while in CNAM's possession and upon destruction. Employees are encouraged to report promptly any violation of the Code of Ethics (including the discovery of any violation or suspected violation committed by another employee) to our Chief Compliance Officer ("CCO").

A copy of the Code of Ethics is available upon request.

Personal Trading

Employees are permitted to buy and sell for their own accounts securities that they recommend to clients. Given CNAM's large cap focus, the size of the trades made in either a client or an employee's personal account are viewed as too small relative to the market to result in an alteration of price. Regardless, employees' personal securities transactions represent a conflict of interest.

Access persons are not permitted to engage in any personal transactions in a security while an order for the same security for a client is pending or while the security is being considered for purchase or sale in a client's account. CNAM requires all access persons to pre-clear personal securities transactions, except for certain exempt transactions, with the Director of Research. In addition, the Code of Ethics requires all access persons to report to the CCO certain security holdings initially upon employment and at least annually thereafter. Finally, all access persons are required to report personal securities transactions to the CCO on a quarterly basis.

CNAM manages the firm's profit sharing plan, a portion of which is invested in the Large Cap Dividend Growth and Large Cap Growth strategies. The profit sharing plan does not pay an advisory fee and is considered a proprietary account due to the employees' ownership stakes in the firm. CNAM also manages accounts for an owner. The accounts do not pay an advisory fee and are considered proprietary accounts due to the owner having primary financial interest in the account. To assist in mitigating potential conflicts of interest, the accounts are traded last in the trading order per CNAM's trade aggregation and allocation policy.

Item 12 - Brokerage Practices

CNAM's Trading and Brokerage Committee provides oversight of investment, trading, brokerage and soft dollar practices. In addition, CNAM maintains investment, trading, brokerage and soft dollar policies and procedures. The following is an overview of CNAM's brokerage and trading practices, policies and procedures.

Selection of Brokers

CNAM has established a Trading and Brokerage Committee to monitor and evaluate the quality of execution received from broker-dealers executing transactions on behalf of CNAM's clients and to oversee trading practices and procedures. Unless otherwise directed by a client (for additional information, see *Directed Brokerage* section below), broker-dealers are selected to execute transactions for CNAM because of their research services provided; knowledge of and dominance in specific markets, securities, and industries; quality of execution; acceptable record keeping, administrative and settlement functions; and reputation and integrity. CNAM does not have any affiliated broker-dealers.

CNAM does not necessarily effect trades for clients at the lowest possible commission rate. A higher commission may be justified on the basis of the research provided by the brokerage firm, which may meaningfully enhance the investment results of the client's account beyond the additional cost of the commission (see *Research and Soft Dollars* section below). CNAM also periodically reviews the commissions paid to those broker-dealers used to execute trades for reasonableness.

Research and Soft Dollars

CNAM utilizes certain broker-dealers who provide it with research services ("soft dollar" arrangements) in exchange for brokerage commissions. It is CNAM's policy to operate within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934 when using client commissions to pay for research services that assist in its management of client accounts. Soft dollar arrangements provide a benefit to CNAM because it does not have to produce or pay for research services received from broker-dealers with whom it transacts. Except for the research services described below, CNAM has no other soft dollar arrangements in place at this time and does not utilize soft dollar arrangements to obtain soft dollar benefits from any third party.

Research services received from broker-dealers include some or all of the following: reports on industries and individual companies, economic reports, historical charts giving the price action of stocks and averages, technical analysis reports, and bond call and rating reports. Research received will not be used solely for the accounts that generated the brokerage commissions, but will generally be used in managing all of CNAM's client accounts. CNAM does not seek to allocate soft dollar benefits to client accounts proportionally to the soft dollar credits the account generates.

Soft dollar arrangements have the potential to create a conflict of interest between CNAM and a client, as CNAM may agree to pay a higher commission on a transaction than what may be charged by another broker-dealer who has not provided CNAM with research. CNAM has an incentive to select broker-dealers based on its interest in receiving research, rather than receiving most favorable execution for client trades. However, CNAM will only engage in such a transaction when it determines the commission paid is reasonable in relation to the value of the research services provided by the broker-dealer. The Trading and Brokerage Committee provides oversight over CNAM's trading practices, including soft dollar arrangements and broker commissions, to provide reasonable assurance these conflicts are mitigated.

Directed Brokerage

Wrap Accounts

CNAM will generally place trades for wrap account clients with the wrap program sponsor. Wrap account clients generally negotiate a bundled fee directly with the wrap programs sponsor for brokerage services and do not pay a per trade charge. In general, CNAM has determined that it is in its clients' best

interest to trade with the wrap program sponsor considering the cost to trade elsewhere. Most wrap program sponsors assess clients a “trade away” fee for trades not executed through them. However, CNAM may choose to trade away if it believes it can achieve best execution for a particular trade at another broker-dealer.

Non-Wrap Directed Brokerage Accounts

Clients either allow CNAM to choose a broker-dealer when effecting a transaction (defined below as a “free account”) or direct transactions in their accounts to a particular broker-dealer (“directed brokers”). For clients utilizing a directed broker, CNAM generally does not attempt to negotiate commissions on its clients’ behalf. Additionally the use of a directed broker may not allow CNAM to aggregate the trade with other orders to reduce transaction costs. For these reasons, clients that utilize a directed brokerage arrangement may pay higher commission rates and may receive less favorable execution prices than if the brokerage services were not directed to a directed broker.

Allocation of Investment Opportunities

CNAM manages equity client accounts through model portfolios. As the securities in a model are adjusted, as weights are adjusted in a model or when contributions or withdrawals occur in an account(s), actions are taken to bring the related accounts in-line with the model. In general, investment opportunities shall be made available to all clients: 1) that are eligible to participate and 2) where such investment opportunities are deemed to be appropriate for the specific client. Fixed income trades are allocated to legacy client accounts based on individual client needs and investment objectives. CNAM has established investment and trade aggregation and allocation policies to provide reasonable assurance that each client is treated fairly over the long-term and potential or actual conflicts of interest are adequately mitigated. The Trading and Brokerage Committee provides oversight of the investment, trading and brokerage practices and policies.

Trade Aggregation and Allocation

It is CNAM’s policy to trade as a firm – to trade in such a manner that its clients are not competing against one another in the marketplace. When practical, client equity trades in free accounts (CNAM has full discretion to choose the broker-dealer when trading) will be bunched in a single order (a “block”) in an effort to obtain best execution at the best security price available. CNAM will also generally block directed broker accounts trading with the same broker-dealers and wrap accounts by wrap sponsor.

CNAM has a long-term investment philosophy and, therefore, believes the timing of each client’s participation in an equity trade is not essential in obtaining best execution and trade order does not dictate the best or worst price. In an effort to treat all clients fairly, CNAM rotates the order in which groups of client accounts trade. Specifically, for client arrangements where CNAM has full investment discretion, a systematic rotation is utilized to rotate the order in which free accounts, directed broker accounts, wrap accounts and Model Platform Accounts trade. CNAM’s proprietary accounts are traded after all account types listed above in order to ensure that clients’ interests are placed before the economic interests of CNAM. Accounts in which CNAM is required to obtain client permission prior to executing a trade (“non-discretionary” accounts) are traded after the discretionary accounts and as soon as practically possible after obtaining this permission.

As fixed income trades are determined based on individual client needs and investment objectives and are primarily mutual funds and exchange-traded funds, they are not blocked.

Generally, each trade is recorded using an order management system (“OMS”) and applied to all accounts in the model, absent any restrictions. The OMS creates pre-allocation schedules of shares for each account based upon the account value, target weight and current price. Once the aggregated trade is executed the shares are allocated in-line with the pre-allocation schedule.

If a block order is filled (full or partial fill) at several prices through multiple trades, an average price will be calculated for all trades executed by the broker for the block, and all participants in the block trade will receive the average price. Only trades executed within the block on the single day may be combined for purposes of calculating the average price.

In general, CNAM attempts to fill client orders by the end of a trading day. While partial fills are not specifically prohibited, CNAM attempts to keep day-end open orders to a minimum in an effort to reduce client transaction costs and to simplify operations and client reporting. In cases where the order is only partially completed, the trade shall be allocated on a pro-rata basis subject to minimal rounding.

Under certain circumstances CNAM’s policies permit it to deviate from the practices described above. Examples of such circumstances may include: pro-rata allocation results in a de minimis number of shares; extreme market volatility; cash limitations or excess cash; client specific investment restrictions; tax status; client direction to raise cash in the account; or common sense and equitable adjustments.

CNAM has established trade aggregation and allocation policies to provide reasonable assurance that each client is treated fairly over the long-term and potential or actual conflicts of interest are adequately mitigated. The Trading and Brokerage Committee provides oversight of the investment, trading and brokerage practices and policies.

Cross Transactions

CNAM does not generally effect cross transactions between its client accounts, however under specific circumstances it may occur. CNAM will only effect a cross transaction when it is in the best interest of each client participating in the transaction, best execution can be achieved and no client is disadvantaged by the trade. However, CNAM will not engage in cross trades with its ERISA clients, or its proprietary accounts. All cross trades will be executed in accordance with the Cross Transactions Policy.

Trade Errors

It is CNAM’s policy for clients to be made whole following a trade error. When CNAM causes a trade error to occur in a client account that results in a loss, CNAM will reimburse the client. Absent a contrary understanding with a client’s wrap sponsor or financial intermediary, if the trade error results in a gain, the client will keep the gain. CNAM maintains trade error policies and procedures.

Item 13 - Review of Accounts and Reports

Each client account is reviewed periodically by the primary portfolio manager assigned to the account. Each portfolio is also assigned another portfolio manager to act as a backup manager in the absence of the primary manager. The portfolios are reviewed as to the progress of individual securities, the mix of portfolio assets and technical details such as bond calls—all within the context of the client's objectives. Reviewers are all members of the Investment Committee. Portfolio managers review performance dispersion at least quarterly and all trades are reviewed on a daily basis by the CCO. In addition, CNAM uses its order management system to aide in monitoring investment guidelines and restrictions for client accounts.

Each client receives a quarterly statement of their portfolio, which gives the security description, unit cost, total cost, market price, total market value, interest or dividend rate, and total indicated annual income. A summary sheet lists the aggregates of the different security classifications, the percent of total market value, original cost, market value, annual income and current yield of each classification, and the aggregate totals of the complete portfolio. Client meetings are offered periodically to review portfolios and objectives. Clients are free to contact their CNAM portfolio manager at any time.

Item 14 - Client Referrals and Other Compensation

CNAM may compensate firms for referring clients to it in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940. Typically, payments for referrals are calculated as a percentage of the advisory fee received by CNAM from a client. CNAM usually enters into a payment agreement with third parties which results in continued payments as long as the referred client remains a client of CNAM. The details of such payment arrangements with third parties that procure clients for CNAM are disclosed to those clients in advance of contract signing. These compensation arrangements do not raise or lower the fee a client pays to CNAM.

CNAM, from time to time, has obtained clients through referrals from other professionals, such as accountants and attorneys, including those with whom CNAM has referred clients. These mutual referral relationships with other professionals may result in a conflict of interest between referring clients to professionals that are most suited to provide the clients with appropriate services and referring clients to professionals who refer clients to CNAM. CNAM does not compensate other professionals for these referrals and CNAM is not compensated by other professionals for referring business to them. No client is obligated to use the services of the professional organizations referred by CNAM.

Item 15 - Custody

CNAM does not take physical custody of client funds or securities and all client funds and securities are held by qualified custodians. CNAM is deemed to have constructive custody of client assets as a consequence of its ability to withdraw advisory fees directly from certain client accounts when the client provides written authority to do so. CNAM sends each client a quarterly invoice, which reflects the advisory fee charged to the account, whether fees are deducted directly by CNAM or the client pays CNAM directly. CNAM has policies and procedures designed to provide reasonable assurance that it does not inadvertently obtain further custody over client assets.

CNAM has procedures in place to reasonably ensure clients' qualified custodians are sending quarterly statements to clients. CNAM recommends clients carefully review the statements provided by their qualified custodians. To the extent a client receives account statements from CNAM, CNAM encourages clients to compare information in CNAM's statement to the statement provided by the custodian.

Item 16 - Investment Discretion

CNAM accepts discretionary authority when managing accounts on behalf of clients. All client accounts are subject to a written IMA which describes whether CNAM has discretionary or non-discretionary authority, as well as any investment limitations, investment objectives, investment management fees and other matters.

Item 17 - Voting Proxies on Client Securities

The following information briefly summarizes CNAM's policy and procedures regarding how it votes proxies when granted responsibility by a client either through a written investment advisory agreement or other written direction. CNAM will assist clients that do not assign CNAM voting responsibility by answering questions they may have regarding the proxies they receive.

Guiding Principles

CNAM's policy and procedures relating to voting proxies are designed to ensure that proxies are voted in the best economic interest of clients. CNAM will abide by client-specific voting guidelines as requested by a particular client.

General Voting Guidelines

In general, proxies will be voted for clients in a manner designed to maximize the value of clients' investments. In evaluating a particular proxy proposal, CNAM will take into consideration, among other things, management's assertions regarding the proxy proposal, the period of time over which the voting shares of the company are expected to be held, the size of the position, the costs involved in the proxy proposal and the existing governance documents of the affected company, how the proxy proposal will impact CNAM's clients, whether the proxy proposal will create dilution for shareholders, as well as the affected company's management and operations. Proxy proposals that change the existing status of a company will be reviewed to evaluate the desirability of the change, and to determine the benefits to the company and its shareholders, but CNAM's primary objective is always to protect and enhance the economic interests of its clients.

Generally, it is CNAM's policy to vote in accordance with management's recommendations on most business operations matters, as the capability of management is one of the criteria used by CNAM in selecting investments. CNAM will generally vote against non-salary compensation plans (such as stock compensation plans, employee stock purchase plans and long-term incentive plans) unless, in CNAM's opinion, such plans are structured to not create serious dilution to shareholders and CNAM will analyze all other compensation plans on a case-by-case basis.

CNAM recognizes that the activity or inactivity of a company with respect to matters of social, political or environmental concern may have an effect upon the economic success of the company and the value of its securities. However, CNAM does not consider it appropriate, or in the interests of its clients, to impose its own moral standards on others. Therefore, it normally supports management's position on matters of social, political or environmental concern, except where it believes that a different position would be in the economic interests of its clients.

CNAM will not vote proxies for securities out on loan through a securities lending program.

Conflicts

In evaluating a proxy proposal, CNAM may encounter a material conflict of interest. CNAM has a duty to recognize and resolve a conflict before voting the proxy. In general, if and when a conflict is identified, CNAM will take one of the following actions to ensure the proxy voting decision is based on the clients' best economic interests: engage an independent party to determine how to vote the proxy; prepare a report that describes the conflict of interest, discusses the procedures used to address the conflict, discloses any contacts from outside parties (other than routine communications from proxy

solicitors) regarding the proposal and confirms the recommendation was made solely on the investment merits and without regard to any other consideration; refer the proxy to a client or a representative of the client for voting purposes; disclose the conflict to the affected clients and seek their consent to vote the proxy prior to casting the vote; or vote in accordance with a pre-determined voting policy. CNAM will not refrain from voting proxies exclusively because a conflict exists as CNAM has a fiduciary duty to take action on all proxies where granted responsibility.

A copy of CNAM's proxy voting policies and procedures, as well as a record of how CNAM voted a client's proxies, is available to the client upon request.

Item 18 - Financial Information

CNAM does not have any financial condition that is reasonably likely to impair its ability to meet its contractual commitment to any client.

Other Information

Class Action and Other Legal Proceedings

CNAM does not file legal proceedings, including class actions, on behalf of its clients.

Privacy Notice

Our Promise to You

As a client of CNAM, you share both personal and financial information with us. Your privacy is important to us, and we are dedicated to safeguarding your personal and financial information.

Information Provided by Clients

In the normal course of doing business, we typically obtain the following non-public personal information about our clients:

- Personal information regarding our clients' identity such as name, address and social security number;
- Information regarding securities transactions effected by us; and
- Client financial information such as net-worth, assets, income, bank account information and account balances.

How We Manage and Protect Your Personal Information

We do not sell information about current or former clients to third parties, nor is it our practice to disclose such information to third parties unless requested or permitted to do so by a client or client representative or, if necessary, in order to process a transaction, service an account or as permitted by law. Additionally, we may share information with outside companies that perform administrative services for us. However, our arrangements with these service providers require them to treat your information as confidential.

In order to protect your personal information, we maintain physical, electronic and procedural safeguards to protect your personal information. Our Privacy Policy restricts the use of client information and requires that it be held in strict confidence.

Client Notifications

We are required by law to annually provide a notice describing our privacy policy. In addition, we will inform you promptly if there are changes to our policy. Please do not hesitate to contact us with questions about this notice.