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Brochure

FISHER INVESTMENTS[™]

INSTITUTIONAL GROUP

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This brochure provides information about the qualifications and business practices of Fisher Investments. If you have any questions about the contents of this brochure, please contact us at 800-851-8845, or by email at inst@fi.com. 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.

Fisher Investments is a Registered Investment Adviser. Being registered with the SEC or any other regulatory authority does not imply Fisher Investments has a certain level of skill or training.

Additional information about Fisher Investments is available on the SEC’s website at www.adviserinfo.sec.gov.

Material Changes

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This section provides a summary of material changes that were made to this brochure since the last annual update, and is intended to help Clients determine if they want to review this brochure in its entirety, or contact Fisher Investments with questions about the changes.

Since the last annual update on March 10, 2014, there are no material changes to report.

Information about Fisher Investments is also available on the SEC's website at www.adviserinfo.sec.gov. To request a copy of the most recent disclosure brochure, contact us at:

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Advisory Business

Firm Description

Fisher Investments (“FI”), a privately held limited liability company, is an investment adviser with offices in California and Washington. FI is registered with the U.S. Securities and Exchange Commission (“SEC”); in Canada with the Alberta Securities Commission, British Columbia Securities Commission, Manitoba Securities Commission, New Brunswick Securities Commission, Newfoundland and Labrador Financial Services Regulation Division, Nova Scotia Securities Commission, Ontario Securities Commission, Prince Edward Island Securities Office, Quebec Autorité des Marchés Financiers, and Saskatchewan Financial Services Commission; and with the Netherlands Authority for the Financial Markets. FI has a branch office registered with the Dubai International Financial Centre. Being registered with the SEC or any other regulatory authority does not imply FI has a certain level of skill or training.

FI manages assets within its Fisher Investments Institutional Group (“FIIG”), Fisher Investments Private Client Group (“FIPCG”), Foreign Private Client Group (“FPCG”), and Fisher Investments 401(k) Solutions Group (“401(k) Solutions”). Collectively, these groups serve a global client base of diverse investors including corporate, public and multi-employer pension plans, foundations and endowments, insurance companies, healthcare organizations, governments, investment companies and high net worth individuals across America, Europe, Canada, Asia, Australia, and the Middle East. The firm offers a broad array of US, non-US, and global equity strategies with various capitalization and style orientations. Founded in 1979, all strategies are supported by the firm’s global research platform developed over its 30+ year history. Investment decisions are made by the firm’s four member Investment Policy Committee (“IPC”), with two of the four members working together for over 31 years and three of the four working together for over 14 years. In the mid-1990s, FI began offering separate portfolio management directly to high net worth individuals. In early 2000, FI expanded service offerings into Canada and Europe. 401(k) Solutions was launched in 2014.

Principal Owners

FI is wholly-owned by Fisher Investments, Inc. (“FII”). The principal owner of FII is Kenneth L. Fisher.

Types of Advisory Services

FIIG provides discretionary management services for institutional clients through the following equity strategies:

- All World Equity
- Global Total Return
- Global Total Return Focused
- Global Listed Infrastructure
- Global Small Cap
- All Foreign Equity (All Non-US Equity)
- All Foreign Equity Growth (All Non-US Equity Growth)
- All Foreign Equity Small Cap (All Non-US Equity Small Cap)
- Foreign Equity (Non-US Equity)
- Foreign Equity Focused (Non-US Equity Focused)
- Foreign Equity Small Cap (Non-US Equity Small Cap)
- European Equity
- UK Total Return
- Emerging Markets Equity
- Asia ex-Japan Equity
- Small Cap Core
- Small Cap Value
- Mid Cap Value
- Small and Mid Cap Value
- US Total Return

FI serves as sub-manager to Fisher Investments Europe Limited, which manages assets for clients in various European countries.

Assets under Management

FI manages client assets on a discretionary basis. As of December 31, 2013, Fisher managed a total of:

	Institutional	Private Client	Total
Discretionary	\$22,052,211,900	\$31,774,857,420	\$53,827,069,320
Non-Discretionary	\$0	\$0	\$0
Total	\$22,052,211,900	\$31,774,857,420	\$53,827,069,320

Fees and Compensation**Description**

While at times FI may negotiate rates other than specified below, including sub-advisory clients, the following schedule lays out FI's basic billing rates for FIIG clients:

Strategy: Small Cap Value, Small Cap Core, Mid Cap Value, Small and Mid Cap Value, Global Total Return, Global Total Return Focused, All World Equity

	Annual Rate
First \$25 million	0.85%
Next \$25 million	0.80%
Next \$50 million	0.75%
Next \$50 million	0.70%
Above \$150 million	Negotiable

Strategy: Foreign Equity, All Foreign Equity, All Foreign Equity Growth, Foreign Equity Focused, European Equity

	Annual Rate
First \$25 million	0.75%
Next \$25 million	0.65%
Next \$50 million	0.60%
Next \$50 million	0.50%
Above \$150 million	Negotiable

Strategy: US Total Return

	Annual Rate
First \$25 million	0.65%
Next \$25 million	0.60%
Next \$50 million	0.50%
Next \$50 million	0.40%
Above \$150 million	Negotiable

Strategy: UK Total Return

	Annual Rate
First \$25 million	0.65%
Next \$25 million	0.60%
Next \$50 million	0.55%
Next \$50 million	0.50%
Above \$150 million	Negotiable

Strategy: Emerging Markets Equity, Asia ex-Japan, All Foreign Equity Small Cap, Foreign Equity Small Cap, Global Small Cap, Global Listed Infrastructure

	Annual Rate
First \$25 million	1.00%
Next \$25 million	0.95%
Next \$50 million	0.90%
Next \$50 million	0.85%
Above \$150 million	Negotiable

For those European clients where Fisher Investments Europe Limited (FIE) serves as manager and FI serves as sub-manager, FIE's management fee will be set out in the client agreement and charged directly by FIE. A portion of such management fee will be paid by FIE to FI for its sub-management services.

FI may negotiate certain fixed rates with clients that can apply to all asset levels. Certain clients who become clients of FI as a result of its merger and acquisition activities may retain their prior fee schedules and therefore pay higher or lower fees than other FI clients. FI may agree to offer certain clients a fee schedule that is lower than that of any other comparable clients in the same investment style. FI may also choose to waive all or a portion of our negotiated fee for a given period. FI may commit that it has provided and will continue to provide certain clients the lowest available fee for a particular investment style and for comparable clients.

Fee Billing

Unless otherwise specified in the Investment Management Agreement between FI and a client ("IMA"), the following section lays out FI's basic procedure for billing FIIG clients.

Fees for investment management accounts are charged on the basis of a percentage of total assets managed for long positions. Fees may be calculated monthly, but generally fees are calculated quarterly, based on the market value using closing prices at quarter end, at one-quarter of the annual rates listed above. The billable market value includes accrued interest and/or dividends. Generally, fees are billed and paid after they are earned.

Fees for the initial billing period will generally be calculated based on the number of calendar days from the initial performance date until the end of the quarter at which a fee is calculated and billed unless otherwise specified in the IMA. A fee will not be calculated and billed at the end of a quarter for which there are no assets in the client's account. Unless specified in the IMA, the net of contributions and withdrawals made in any day that are equal to or greater than \$50,000 will be prorated if the fee adjustment is greater than .0025% of the client's quarter-end assets under management by FI and the fee adjustment is greater than or equal to \$100. For fees that are calculated monthly, the fee adjustment must be greater than .00083% of the client's month-end assets under management and the other criteria must still be met.

Unless otherwise specified in the IMA, a client may terminate relations with FI at any time by notifying FI in writing. At such time, FI will bill the client for services already rendered, prorated through the calendar day prior to the specific date of termination, unless otherwise specified in the IMA. FI will provide a final invoice to the client or the client's custodian depending on the client's billing method and the availability of funds. Since FI does not bill in advance, a refund of fees is not applicable.

Other Fees

Clients may incur fees in addition to the management fee paid to FI, as stated above. Such fees can include brokerage commissions, other custodian fees, and expenses for investing in exchange-traded funds or structured notes. FI does not earn such other fees. Please refer to Brokerage Practices on pages 10-13 for additional information on how FI selects brokers.

FI receives very limited income from speaking, writing, and royalties—all related to finance and investing. Kenneth L. Fisher receives royalties from his monthly column in *Forbes* magazine and his books. In addition, FI currently receives income for books published under Fisher Investments Press, an imprint series published by John Wiley & Sons, Inc.

Performance-Based Fees and Side-By-Side Management

Sharing of Capital Gains

FI may accept performance-based fees for clients who specifically request it if appropriate. Managing accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as a fixed-rate fee, presents certain conflicts of interest in managing these accounts at the same time. There is an incentive to favor performance-based fee accounts. FI's policies and procedures have been developed to ensure that all clients are treated fairly and equally, and without regard to the fee type in determining trade allocation. Refer to Order Aggregation on pages 12-13. FI reviews trade aggregation and allocations policies and procedures at least annually to ensure adherence to firm procedures and that no client is being systematically favored.

Types of Clients

Description

FI has a global client base of diverse investors including corporations, public and multi-employer pension funds, foundations, endowments, governments, investment companies, and high-net-worth individuals across America, Europe, Canada, Asia, and the Middle East.

Account Minimums

At present, the FIIG separate account minimum is USD \$10,000,000, but smaller accounts may be accepted at FI's discretion. FIIG commingled vehicle minimums are typically set at USD \$5,000,000, but smaller investments may be accepted at FI's discretion.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis

FI uses both qualitative and quantitative tools to analyze markets, sectors, and securities. FI makes extensive use of computers, computer peripherals, software, and computer databases in screening for securities worthy of investment consideration. FI uses a centralized portfolio management system, which includes block trading,

portfolio management, and securities price data collection.

Investment Strategies

FIIG clients' accounts are generally managed separately with their underlying investment strategies, restrictions, or investment limitations defined within the investment management agreement. Investors within the funds managed by FI described in the Affiliations section below are managed according to the investment strategy defined in the offering documents.

Fisher Investments 401k Solutions may utilize Collective Trust Funds, when available, to allow clients to access greater fee transparency and a lower cost structure as compared to mutual funds.

Risk of Loss

Investing in capital markets involves risk of loss that each client should be prepared to bear. Investing in foreign stock markets involves additional risks including political, economic, and currency risks, and differences in accounting methods.

Disciplinary Information

Legal and Disciplinary

There have been no disciplinary events and no material legal events related to FI or any management person.

Other Financial Industry Activities and Affiliations

Financial Publications

Ken Fisher is a regular contributor to various publications (for example: Forbes and Interactive Investor). Fisher Investments may or may not hold some or all of the securities mentioned in a particular article in client portfolios.

Financial Industry Activities

Three representatives of FI are registered as representatives of the unaffiliated broker-dealer distributor for the Purisima Funds, a registered investment company consisting of two mutual funds.

Affiliations

FI acts as the investment manager for the Purisima Funds, which include the Purisima Total Return Fund and the Purisima All-Purpose Fund (SEC File Number 811-07737).

FI acts as the investment manager for the UK-based Purisima Investment Funds, an open ended investment company ("OEIC") comprised of three sub-funds, the Purisima Global Total Return Fund, the Purisima UK Total Return Fund, and the Purisima EAFE Total Return Fund. The OEIC is incorporated in England and Wales under registered number IC 162 and authorized as an Undertaking for Collective Investment in Transferable Securities ("UCITS") by the UK Financial Conduct Authority.

FI acts as the investment manager for the Purisima Investment Fund (CI) Limited, an OEIC established in Jersey, Channel Islands, as an Expert Fund in accordance with the Jersey Collective Investment Funds Order 1995.

FI acts as the investment manager for the Fisher Investments Institutional Funds plc, an open ended investment company with variable capital incorporated in Ireland under the Irish Companies Act 1963 to 2009 with registered

number 496650 and authorized as a UCITS by the Central Bank of Ireland, which is currently comprised of three sub-funds, the Fisher Investments Institutional Emerging Markets Equity Fund, the Fisher Investments Institutional Global Equity Fund, and the Fisher Investments Institutional US Small and Mid-Cap Value Equity Fund.

FI acts as the investment manager for the Fisher Investments Institutional Group Emerging Markets Equity Fund, the Fisher Investments Institutional Group Foreign Equity Fund, the Fisher Investments Institutional Group Global Small Cap Fund, and the Fisher Investments Institutional Group Small Cap Value Fund (the “US Private Funds”), each a series of Fisher Investments Trust, a Delaware statutory trust.

FI acts as the investment manager for the Fisher Investments Global Total Return Unit Trust Fund, Fisher Investments Foreign Equity Unit Trust Fund, Fisher Investments Emerging Markets Equity Unit Trust Fund, and Fisher Investments Global Small Cap Unit Trust Fund (the “CAD Private Funds”), each a series of the Fisher Investments Canadian Series Trust Funds, an Ontario trust.

Fisher Asset Management, LLC acts as investment adviser to the Fisher Investments Foreign Equity Collective Fund (the “Fund”); the Fisher Investments All Foreign Equity Collective Fund; Fisher Investments Emerging Markets Equity Collective Fund; Fisher Investments All World Equity Collective Fund; Fisher Investments U.S. Equity Collective Fund; and the Fisher Investments U.S. Fixed Income Collective Fund. Each is a trust company organized under the laws of the Commonwealth of Pennsylvania. SEI Trust Company is the trustee.

FI would either waive its separate account advisory fee on assets invested in any fund or reduce its fee paid by the funds to the extent of any other advisory fee charged by FI on those assets.

FI owns Fisher Investments Europe Limited (“FIE”), an investment adviser headquartered in London, UK whose purpose is to market FI’s money management services to prospective clients in the United Kingdom, as well as to manage money for clients in Europe that is sub-managed by FI. FIE has branches in various European countries. FI earns a sub-management fee for the sub-management services it provides to FIE.

FI owns Fisher Investments Australasia Pty Ltd (“FIA”), an investment adviser in Australia whose primary purpose is to manage money for wholesale clients (as defined by the Australian Securities & Investments Commission) in Australia that is sub-managed by FI.

In 2007, FI entered into a joint venture, Grüner Fisher Investments GmbH, an investment adviser that offers investment services to investors in Germany.

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

Code of Ethics and Personal Trading

When FI employees invest for their own accounts, conflicts of interest may arise between clients and employees. As an investment adviser and mutual fund adviser, FI is subject to Rule 204A-1 of the Advisers Act and Rule 17j-1 of the Investment Company Act of 1940, as amended. To comply with these requirements, FI has adopted a Code of Ethics containing provisions reasonably necessary to prevent its “Access Persons,” as defined in the Code of Ethics, from engaging in any act, practice or course of business prohibited by the Rules. The Code of Ethics

addresses investments by Access Persons in securities with particular rules for initial public offerings and limited offerings.

In accordance with FI's Code of Ethics, all Access Persons are required to have most security transactions, including all common stock, options, corporate bonds, exchange traded funds, and trades in the Purisima Funds, approved in advance by designated personnel involved in the trading process. Access Persons and FI Principals have bought, owned, and sold securities in various publicly traded corporations, including those held and traded in clients' accounts. Access Persons and Principals may hold securities, which were purchased previous to their employment with FI, and are now still held. Access Persons and Principals may participate in block transactions placed for clients. Additionally, Access Persons and Principals must submit all brokerage statements, which reflect transactions for their benefit, to ensure this policy is implemented according to stated objectives. FI will provide a copy of its Code of Ethics upon request.

Participation or Interest in Client Transactions

FI imposes restrictions upon itself, and all managed accounts that have a relationship with an FI Access Person or Principal, to ensure the clients' interests are considered before the interests of FI or any person who may be associated with FI. Such accounts are called proprietary accounts. They will trade in block trades with or after non-proprietary clients. Exceptions may be made to liquidate certain previously held equity positions in proprietary accounts that cannot be blocked with non-proprietary clients provided a determination is made that no non-proprietary client will be disadvantaged. All proprietary clients, are aware of such trading practices. At no time will transactions be effected in any manner such that FI or the FI Access Person could benefit at the expense of a non-proprietary client.

Political Contributions

FI personnel may make personal contributions to support political candidates or elected officials, including candidates who may share the firm's views on issues related to its business interests. Designated personnel are responsible for ensuring that their political activities comply with applicable laws restricting political contributions and solicitations, as well as FI's policies and procedures.

Brokerage Practices

Selecting Brokerage Firms

FI generally determines both the brokers to be used to effect transactions for clients and the commissions at which those transactions are to be effected. Brokers are selected on the basis of the clients' interests and desires and FI's assessment of their execution and other services relative to the commission charged for each trade. FI evaluates brokers' fees and commission rates in light of rates other advisers could readily obtain from brokers in general for similar transactions.

Each client's investment advisory agreement generally gives FI full authority to determine (without obtaining client consent or consulting with the client on a transaction-by-transaction basis) the brokers or dealers through which all transactions for the client's account will be executed. A client may, however, direct FI in writing to execute transactions for the client's account through a specified broker or dealer (the "Specified Broker"). A client may choose to direct FI to execute transactions through a Specified Broker if, for example, the client will be receiving investment management consulting services from such Specified Broker.

Best Execution

Where a client authorizes FI to select the brokers and/or dealers through which transactions for the client's account

are executed, FI allocates transactions to brokers and/or dealers for execution on such markets at such prices and at such commission rates (which may be in excess of the prices or commission rates that might have been charged for execution on other markets or by other brokers or dealers) as in the good faith judgment of FI are appropriate. FI considers the selection of brokers and/or dealers based not only on the available prices and rates of brokerage commissions, but also other relevant factors which can include:

- (a) the execution capabilities of the brokers and/or dealers;
- (b) the size of the transaction;
- (c) the difficulty of execution;
- (d) the operational facilities of the brokers and/or dealers involved;
- (e) the risk in positioning a block of securities; and,
- (f) the quality of the overall brokerage and research services provided by the broker and/or dealer.
- (g) research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis), custodial, trade generation and management software and hardware, and other services provided by such brokers and/or dealers which are expected to enhance FI's general management capabilities;

FI may cause a client's account to pay a broker or dealer a higher amount of commission for effecting a transaction for the client's account than another broker or dealer would have charged for effecting that same transaction if FI determines in good faith that the amount of commission is reasonable in relation to the value of the brokerage and research services provided by the broker or dealer, viewed in terms of either the particular transaction or FI's overall responsibilities with respect to the accounts for which FI exercises investment discretion. Where a client directs FI to effect transactions for the client's account through a Specified Broker, FI does not negotiate brokerage commissions with respect to transactions executed by the Specified Broker for the client's account. Rather, the client and the Specified Broker agree on the commission rate that the Specified Broker will charge for transactions effected for the amount. As a result, the client may pay higher commissions than those paid by FI's clients who have not directed FI to execute transactions through a specified broker or dealer depending upon:

- (a) the client's arrangement with the Specified Broker;
- (b) such factors as the number of securities, instruments, or obligations being bought or sold for the client, whether round or odd lots are being acquired for the client, and the market for the security, instrument or obligation; and
- (c) the fact that the client will be foregoing any benefit from savings on execution costs that FI may obtain for its clients through negotiating volume commission discounts on batched transactions.

In addition, the client may not receive the lowest available price with respect to certain transactions effected for the client's account. Conflicts may arise between the client's interest in receiving best execution on transactions effected for its account and FI's interest in receiving future client referrals from the Specified Broker. FI believes that no conflict of interest that is detrimental to the client will result, since through full disclosure, the clients will have the opportunity to determine what is in their best interests. Clients that restrict the use of soft dollars for their accounts may receive lower commissions for certain trades, but may also be traded separately in a less advantageous manner than those trades which can be aggregated with other soft dollar trades.

Soft Dollars

Under FI's "Section 28(e)" soft dollar policies, our research and trading departments may make use of research products and services (such as Bloomberg, MSCI, FactSet, S&P Research Insight, and other research data services) used in the investment decision making process and order execution/brokerage products and services (such as Eze

Castle, Transaction Network Services, Omgeo CTM and other services) to effect securities transactions and perform trading and settlement functions.

Most broker-dealers that custody client assets or effect securities transactions provide their own research services such as reports, access to website materials, and access to their analysts. In some cases FI uses that research if it is believed to be useful and of reasonable value. In other cases FI receives unsolicited research from those broker-dealers that may be considered a soft-dollar benefit even if the research is not requested or used by FI.

Generally speaking, all of FI's clients benefit from research services provided to FI by the brokers and dealers who effect transactions for FI's client accounts. Not all such research services, however, may be used by FI in connection with the client accounts that paid commissions to the brokers or dealers providing such research services. In addition, instances may arise where: (a) research services obtained in connection with transactions effected for a particular client's account benefit other clients of FI; or (b) not all research services may be used by FI after payment of commissions by clients. FI's receipt of research services from brokers and dealers that effect transactions for FI's client accounts does not reduce FI's customary research activities. FI may pay commissions higher than those obtainable from other brokers for its soft dollar arrangements.

Order Aggregation

FI has adopted the following allocation policy and procedure for aggregating advisory clients' trade orders.

- Orders will not be aggregated unless aggregation is consistent with our best execution duty and the applicable advisory agreements.
- No advisory account will be consistently favored over any other account.
- Before entering an aggregated order, an electronic summary of the allocation shall be made in connection with that order.

FI's IPC determines the securities to be purchased and sold in client accounts where FI acts with discretion. FI will aggregate all orders directed by the IPC by custodian and/or business segment (e.g., Institutional, including 401(k) Solutions, and Private Client Group) for trade routing.

- When transactions are aggregated into blocks:
 - The actual execution prices applicable to the aggregated transaction will be averaged, and each client account participating in the aggregated transaction will be deemed to have purchased or sold its share of the security, instrument, or obligation involved at that average price; and,
 - All transaction costs incurred in effecting the aggregated transaction shall be shared on a pro rata basis among all participating accounts, except to the extent certain broker-dealers that also furnish custody services may impose minimum transaction charges applicable to some of the participating accounts. Client direction and restrictions may result in different costs for a particular client.
- When blocks are partially executed, trades are allocated on a pure prorated basis. Each account is allocated executed shares in direct proportion to its percentage of the overall block order to the nearest round lot (generally 100 shares). Aggregated orders receive one average price per broker. FI may, at its discretion, make small adjustments to accounts with relatively small share counts (generally <1,000 shares) to avoid excessive transaction costs.
- Orders will be allocated on a basis different from the above only if all clients receive fair treatment and the reason for the different allocation is approved by a member of the IPC member in writing. Common reasons for deviations include, but are not limited to, cash balance differences and relative position sizes.
- Client mandated orders are generally segregated from existing blocks and executed at the market. If it is

deemed that executing the order at the market may have significant market impact, the order will be executed with discretion.

- Books and records will reflect separately for each account the securities held, bought, and sold.
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- Individual investment advice and treatment will be provided to each client's account.
- FI does not participate in initial public offerings and therefore has no allocation policy with respect to such offerings.
- No additional compensation or remuneration of any kind will be received by FI as a result of the procedure.

Trading Errors

Trading errors sometimes happen for various reasons that may or may not be FI's responsibility. FI handles trading errors according to its trade error policy and procedure, including the use of trade error accounts intended to absorb unfavorable consequences of trade errors (as well as favorable consequences when deemed not beneficial to the client) to reduce the chance that clients would be affected. FI may aggregate the balances of its error accounts among various broker-dealer and bank custody accounts on a quarterly basis to determine whether to donate aggregate gains to charity or to contribute to one or more accounts for aggregate losses. In any event, the client will always be made whole and soft dollars will never be used to correct trade errors.

Review of Accounts

Periodic Reviews

Account information, including quantities and values of securities held, the amounts of cash and cash equivalents, and account transaction activity for each client, is maintained in FI's computer systems. This account information is reconciled against statements or electronic files from appropriate custodial agents generally daily, but no less than monthly.

Review Triggers

All existing managed accounts are subject to periodic reviews depending on the criteria being evaluated. Most reviews utilize computer-generated exception reports from FI's portfolio management and accounting systems. Cash balance, position count, position size, asset allocation, country weight, and sector weight reports are among the measures periodically evaluated. Additionally, ad hoc reports supplement the review process. FI's Implementation Manager, under the supervision of the Group Vice President of Research, oversees the daily operations of the existing account review process.

The IPC consists of four members: the Chief Executive Officer, a Vice Chairman, an Executive Vice President, and a Senior Vice President. They collectively determine firm investment policy and are responsible for managing broad investment strategies. All are actively engaged in securities and capital markets research contributing to the review process.

Regular Reports

Clients receive a monthly or quarterly accounting showing asset value by security, unit cost, total cost, cash balances, current per share values, etc. Clients are urged to compare the quarterly reports provided by FI with those provided by their custodian and notify FI of any differences. Additionally, clients regularly receive Quarterly Reviews, which include the IPC's general economic outlook and current investment trends. Clients are encouraged to phone or write FI as often as they deem necessary to receive information regarding the investment tactics and strategies being followed. Upon specific client request, FI will prepare written portfolio analysis and reports to satisfy the client's informational needs.

Client Referrals and Other Compensation

Incoming Referrals

From time to time, FI has client referral relationships with outside vendors and/or independent, unaffiliated third-party custodians which provide services that may include custody of securities, trade execution, and clearance and settlement of transactions. Potential conflicts of interest may arise from these referral relationships, as FI may receive certain economic benefits through its participation in these relationships. In addition, FI may have an incentive to recommend to clients that their assets be held with the third-party custodians with which FI has referral relationships, although there is no direct link between FI's involvement in referral relationships and the investment advice it gives to its clients. FI also has incentives for its sales personnel to solicit and refer clients. FI occasionally pays a referral fee to third party solicitors. No fee is paid unless a signed contract is executed and the prospective client signs a disclosure form that contains the details of the referral agreement. FI's participation in referral relationships does not reduce or eliminate FI's fiduciary duties to put the interests of its clients first and seek best execution in securities transactions on behalf of its clients.

Other Compensation

FI may have obligations under referral programs with custodians with respect to certain clients, including certain clients who become clients of FI as part of its merger and acquisition activities. Pursuant to such programs, FI is obligated to pay the custodian an ongoing fee, usually as a percentage of the fees billed to the account or a percentage of the assets in the account, with a one-time fee generally payable in the event the account is transferred away from such custodian. Since the one-time fee is generally higher than the ongoing fee, FI will have an incentive to maintain the account at the existing custodian.

Custody

Account Statements

FI is not a broker-dealer and does not take possession of client assets. FI client assets are housed in internationally recognized brokerage firms, otherwise known as custodians. FI has a limited power of attorney to place trades on the client's behalf. The custodian will issue trade confirmations and monthly statements directly to clients, while the client's account will be managed by FI. Clients are urged to compare the information in the quarterly statements they receive from FI with the statements provided by their custodian.

Financial Statements

FI acts strictly as an investment adviser to the US and CAD Private Funds. The Funds have an independent custodian and trustee. Financial statements are audited by an independent public accountant and distributed by FI to all investors within the required US and Canadian regulatory time limits.

Investment Discretion

Discretionary Authority for Trading and Limited Power of Attorney

FI generally has limited power of attorney to act on a fully discretionary basis on clients' behalf. When such limited powers exist between FI and a client, FI may choose both the amount and type of securities to be bought and sold to satisfy account objectives. This is the case with most of FI's clients. Additionally, FI accepts any reasonable limitation or restriction to such authority placed by the client. Refer to Methods of Analysis, Investment Strategies and Risk of Loss on page 8. All limitations and restrictions placed on accounts must be provided to FI in writing.

Voting Client Securities

Proxy Votes

Generally, except to the extent that a client otherwise instructs FI in writing, FI will vote (by proxy or otherwise) on all matters for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held in client accounts in such manner as FI deems appropriate in accordance with its written policies and procedures.

These policies and procedures set forth guidelines for voting (or abstaining from voting) many typical proxy proposals. FI regularly reviews these guidelines. In certain instances the IPC may determine it is in the clients' best interests to vary from the guidelines or the proxy issue may require individual case-by-case consideration under the guidelines. Where a proxy proposal raises a material conflict of interest between the interests of FI and its clients, FI will vote in accordance with the guidelines where FI does not have discretion to vary from the guidelines.

Alternatively, FI will obtain voting direction from an independent third party, disclose the conflict of interest to the client and abstain from voting, or obtain client consent prior to voting the securities. Clients may obtain a copy of FI's proxy voting policies and procedures and/or information on how FI has voted the client's securities by written request to FI. There may also be a variety of corporate actions or other matters for which shareholder action is required or solicited and with respect to which FI may take action that it deems appropriate in its best judgment except to the extent otherwise required by agreement with the client. These actions may include, for example and without limitation, tender offers or exchanges, and bankruptcy proceedings. Unless FI otherwise agrees in writing, FI will not have any duty or obligation to advise or take any action on behalf of clients in any legal proceedings, including bankruptcies or class actions, involving securities held in or formerly held in the account or the issuers of securities. At the client's written request, FI will assist with administrative matters regarding any settlement or judgment.

Financial Information

Financial Condition

FI does not require or solicit prepayment of fees. FI is currently not in, nor has been historically in, a financially precarious situation, or the subject to a bankruptcy petition.

Additional Information: Fair Valuation

FI is responsible for determining the fair value of illiquid securities and other holdings in the unlikely event a price is not readily available or after a significant event materially affects the value of a security between the time of its last sale on the exchange or market in which the security trades, and the US market close. FI's Valuation Committee meets as necessary when a price is not readily available and may determine if the value of a security should be re-evaluated to reflect a more current fair market value. Custodians for some clients may have alternative valuation procedures that will apply to accounts managed by FI.