



FIRST REPUBLIC INVESTMENT MANAGEMENT

It's a privilege to serve you®

FORM ADV Part 2A

**First Republic Investment Management, Inc. (“FRIM”)
(and Luminous Capital, a division of FRIM)**

111 Pine St

San Francisco, CA 94111

Phone: 415-392-1400

http://www.firstrepublic.com/private_wealth_management/investment/index.html

October 14, 2014

This brochure provides information about the qualification and business practices of First Republic Investment Management, Inc. If you have any questions about the contents of this brochure, please contact First Republic Investment Management, Inc. 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 First Republic Investment Management, Inc. (including the Luminous Capital division) is also available on the Internet at www.advisorinfo.sec.gov.

First Republic Investment Management, Inc. is a federally registered Investment Adviser with the United States Securities and Exchange Commission (SEC). Registration of an Investment Adviser does not imply any level of skill or training.

Item 2 - Material Changes

First Republic Investment Management, Inc. is a wholly owned subsidiary of First Republic Bank.

First Republic Bank was first founded in 1985, went public in 1986 and was purchased by Merrill Lynch on September 21, 2007. In January 1, 2009, Bank of America bought Merrill Lynch.

On July 1st 2010, First Republic Bank announced that it had completed its management-led buyout from Bank of America by several private investors, including Colony Capital LLC and General Atlantic LLC and the bank's management.

In December 2010 (its 25th anniversary), First Republic Bank completed an initial public offering of its stock, which now trades on the NYSE (symbol FRC). Substantially all of the ownership of First Republic Bank is not public.

On December 28, 2012 First Republic Investment Management, Inc. acquired substantially all of the assets of Luminous Capital, LLC, a Century City (Los Angeles) based Registered Investment Adviser. Luminous Capital, LLC is in the process of winding up, and the former personnel of Luminous Capital now operates as a division of First Republic Investment Management, Inc. (although First Republic Investment Management, Inc. is not a successor entity of Luminous Capital, LLC).

First Republic Investment Management, Inc. registered as a Commodity Trading Advisor (CTA) with the Commodities Futures Trading Commission (CFTC) through the National Futures Association (NFA) (the self-regulatory organization for the CFTC). The CTA application was approved on January 14, 2013.

Item 3 - Table of Contents

| | |
|---|----|
| Item 2 - Material Changes..... | 2 |
| Item 3 - Table of Contents | 3 |
| Item 4 - Advisory Business..... | 4 |
| Item 5 - Fees and Compensation..... | 7 |
| Item 6 - Performance-Based Fees and Side-By-Side Management..... | 9 |
| Item 7 - Types of Clients | 9 |
| Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss | 10 |
| Item 9 - Disciplinary Information | 13 |
| Item 10 - Other Financial Industry Activities and Affiliations..... | 13 |
| Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 17 |
| Item 12 - Brokerage Practices..... | 18 |
| Item 13 - Review of Accounts | 25 |
| Item 14 - Client Referrals and Other Compensation | 26 |
| Item 15 - Custody..... | 29 |
| Item 16 - Investment Discretion | 30 |
| Item 17 - Voting Client Securities | 30 |
| Item 18 - Financial Information..... | 32 |

Item 4 - Advisory Business

First Republic Investment Management, Inc. is a wholly owned subsidiary of First Republic Bank (a California Bank).

Investment Management Services

First Republic Investment Management provides unique and personalized investment solutions for individuals, families, foundations, endowments and organizations. We understand that every client is unique, from their financial goals to their tolerance of market volatility. We focus on tailoring an investment program to meet the individual needs of our clients. Each client receives a customized investment policy statement, asset allocation strategy and is serviced by a dedicated team of investment professionals.

Our first and most critical step in working with clients is to develop a clear understanding of their goals, risk tolerance, family situation and income needs. Focus is placed on estate, tax, and financial planning considerations. Once we establish the appropriate asset allocation strategy, we will recommend a specific portfolio of investments based on considerable proprietary, fundamental in-house and independent research.

Our investment professionals have an average of at least 20 years of industry experience. We seek to build long-term, multi-generational relationships with our clients and their families. Perhaps most importantly, we realize that life does not remain static. Hence, we conduct regular portfolio reviews and track, assess, and rebalance portfolios as a client's life evolves.

Applicant and its affiliates may retain any fees or compensation paid to the applicant or its affiliates for services provided with respect to any investment fund or investment vehicle in which the account invests. With respect to money market and other investment companies or pooled investment vehicles that pay management and service fees, and to the extent an account invests in such mutual funds and investment companies or other pooled vehicles, the client may, in effect, bear two levels of management fees regarding that portion of an account - one charged at the fund level, and a second charged by the applicant at the account level. To the extent permitted by applicable law, Applicant and its affiliates may retain any fees or compensation paid to Applicant or its affiliates for services provided with respect to any investment fund or investment vehicle in which the client invests, which shall not offset or reduce the fees charged under the Investment Management Agreement. If the client account is subject to Title I of ERISA or Section 4975 of the Code, in the event account assets are invested in any investment vehicle in respect of which 12b-1 fees or any other fees or amounts are payable to Applicant (or any of its affiliates), the pro-rata share of such 12b-1 and other fees attributable to the account's investment shall be either (i) credited to the account or (ii) offset, dollar for dollar, against fees payable hereunder to Applicant from the account.

Financial Planning Services

First Republic Investment Management's Financial Planning Group offers individually customized financial planning services. The objective of these services is to provide a high level strategic evaluation of the client's overall financial, estate and investment plan. First, typically consult with each client to obtain an in-depth understanding of the family's overall goals and objectives as they relate to the following, as applicable:

- Overall investment framework;

- Investment risk exposure and asset allocation objectives;
- Implementation of an investment plan;
- Liquidity requirements for personal needs;
- Succession planning for family-controlled businesses;
- Wealth transfer planning issues for family members; and
- Philanthropic goals.

The financial planning services generally involve a comprehensive review of the client's liquid and illiquid investment holdings, estate plan documents, income and gift tax returns, shareholder agreements for privately-held companies, limited liability companies and partnerships, generational planning structures and philanthropic entities, as applicable. The prices for this service are described further below.

Management of Collective Investment Vehicle

First Republic Investment Management is an Adviser to the following funds:

Altair Special Situations Fund, LLC
 Altair Special Situations Fund - A, LLC
 Altair Distressed Credit Opportunities Fund, LLC
 Altair Distressed Credit Opportunities Fund - A, LLC
 Altair Net Lease Income Fund, LLC
 Altair Net Lease Income Fund - A, LLC
 Altair Special Situations Fund II – A, LLC
 Altair Global Asset Allocation Fund, LLC
 Altair Global Credit Opportunities Fund (A), LLC
 Altair Global Credit Opportunities Fund (C), Ltd.
 Altair – Angelo Gordon MVP, LLC
 Altair – Rimrock, LLC
 Altair – FCO II, LLC
 Altair – US Farming Realty Fund, LLC
 Altair – Life Settlements Fund, LLC
 Altair DBSO, LLC
 Altair Real Estate Opportunities Fund, LLC
 Altair Special Opportunities Fund, LLC
 Altair – GOF III, LLC
 Altair – FCO III, LLC
 Altair – Golub Capital VII, LLC
 Altair – Golub Capital VIII, LLC
 Altair – Pacific Coast Capital Partners Equity VI, LLC.
 Altair – Direct Lending Fund, LLC
 Altair – Diversified Portfolio, LLC
 Altair – Special Opportunities Fund II, LLC
 Altair Multi-Family Opportunities Fund (JRK), LLC
 Altair Multi-Family Opportunities Fund II (ROC | Bridge), LLC
 Altair Multi-Family Opportunities Fund III (Wood 3), LLC
 Altair Special Opportunities Fund III (C5), LLC
 Stillwater Total Return Fund, LLC

PLEASE NOTE: Names were changed from Luminous Capital to Altair as a prefix for each fund, however, this name change is still pending in several states at this time.

If eligible, First Republic Investment Management may recommend that certain clients invest in the Private Funds. All relevant information, terms and conditions relative to the Private Funds, including the compensation received by First Republic Investment Management or an affiliate, withdrawal rights, minimum investments, qualification requirements, suitability, risk factors, potential conflicts of interest, are set forth in the relevant confidential private offering memorandum (the “Memorandum”), investor agreement, and Subscription Agreement (the Memorandum, investor agreement and Subscription Agreement together the “Offering Documents”), which each investor is required to receive and/or execute prior to being accepted as an investor in the Private Funds.

While each Private Fund is generally First Republic Investment Management’s client (and not the individual investors), the term “client(s)” sometimes refers to the investors in the Private Funds.

First Republic Investment Management will devote its best efforts with respect to its management of both the Private Funds and its individual client accounts. Given the above discussion relative to the objectives, suitability, risk factors, and qualifications for participation in the Private Funds, First Republic Investment Management may give advice or take action with respect to the Private Funds that differs from that for individual client accounts. To the extent that a particular investment is suitable for both the Private Funds and certain individual client accounts, such investments will be allocated between the Private Funds and the individual client accounts pro rata based on the assets under management or in some other manner which First Republic Investment Management determines is fair and equitable under the circumstances to all of its clients.

Sponsor and Manager of Wrap Program

First Republic Investment Management is the sponsor and manager of several wrap fee programs. The services and management style provided in the Program is identical to that provided through First Republic Investment Management’s non-wrap service. In the Program, however, First Republic Investment Management provides its investment management services and arranges for brokerage transactions under a single annualized fee. For certain participants in the Program, investment management fees charged by the designated Independent Manager(s) (as defined below) shall also be included in the single annualized fee. Participants in the Program may pay a higher aggregate fee than if investment management and brokerage services are purchased separately. A complete description of the Program’s terms and conditions (including fees) are contained in the Program’s wrap fee brochure.

Assets under management as of 12/31/13

Discretionary

\$17,651,299,044

Non-discretionary

\$8,339,003,977

Grand Total

\$25,990,303,021

Item 5 - Fees and Compensation

First Republic offers its services on a fee basis, which may include fixed fees, as well as fees based upon assets under management.

Financial Planning and Consulting Fees

First Republic may charge a fixed fee for financial planning and consulting services. These fees are negotiable, but generally range from \$5,000 to \$50,000, depending upon the level and scope of the services and the professional rendering the financial planning and/or the consulting services. If the client engages First Republic for additional investment advisory services, First Republic may offset all or a portion of its fees for those services based upon the amount paid for the financial planning and/or consulting services.

Prior to engaging First Republic to provide financial planning and/or consulting services, the client is required to enter into a written agreement with First Republic setting forth the terms and conditions of the engagement. Generally, First Republic requires one-half of the financial planning / consulting fee payable upon entering the written agreement. The balance is generally due upon delivery of the financial plan or completion of the agreed upon services.

Investment Management Fee

First Republic provides investment management services for an annual fee based upon a percentage of the market value of the assets being managed by First Republic. For services provided outside of the Program, First Republic's annual fee is exclusive of, and in addition to brokerage commissions, transaction fees, and other related costs and expenses which are incurred by the client. First Republic does not, however, receive any portion of these commissions, fees, and costs. First Republic's annual fee is prorated and charged quarterly, in advance, based upon the market value of the assets being managed by First Republic on the last day of the previous quarter. The annual fee varies (between 0.15% and 2.00%) depending upon the market value of the assets under management and the type of investment management services to be rendered.

First Republic, in its sole discretion, may negotiate to charge a lesser management fee based upon certain criteria (i.e., anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, account retention, pro bono activities, etc.).

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), First Republic generally recommends that clients utilize the brokerage and clearing services of First Republic Securities Company, LLC ("FRSC") (FRSC is an affiliate of the registrant), Charles Schwab & Co., Inc. ("Schwab") or National Financial (a Fidelity Investments company) for investment management accounts.

First Republic may only implement its investment management recommendations after the client has arranged for and furnished First Republic with all information and authorization regarding accounts with appropriate financial institutions. Financial institutions include, but are not limited to, Fidelity, Schwab, any other broker-dealer recommended by First Republic, broker-dealer directed by the client, trust companies, banks etc. (collectively referred to herein as the "Financial Institutions").

Clients may incur certain charges imposed by the Financial Institutions and other third parties such as fees charged by Independent Managers (as defined below), custodial fees, charges imposed directly by a

mutual fund or ETF in the account, which are disclosed in the fund's prospectus (e.g., fund management fees and other fund expenses), deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, for assets outside of any wrap fee programs, clients may incur brokerage commissions and transaction fees. Such charges, fees and commissions are exclusive of and in addition to First Republic's fee.

First Republic's Agreement and the separate agreement with any Financial Institutions may authorize First Republic or Independent Managers to debit the client's account for the amount of First Republic's fee and/or the Independent Manager's fee to directly remit that management fee to First Republic or the Independent Managers, respectively. Any Financial Institutions recommended by First Republic have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to First Republic. Alternatively, clients may elect to have First Republic send an invoice for payment.

Fees for Management During Partial Quarters of Service

For the initial period of investment management services, the fees are calculated on a pro rata basis.

The Agreement between First Republic and the client will continue in effect until terminated by either party pursuant to the terms of the Agreement. First Republic's fees are prorated through the date of termination and any remaining balance is charged or refunded to the client, as appropriate.

Clients may make additions to and withdrawals from their account at any time, subject to First Republic's right to terminate an account. Additions may be in cash or securities provided that First Republic reserves the right to liquidate any transferred securities or decline to accept particular securities into a client's account. First Republic may consult with its clients about the options and ramifications of transferring securities. However, clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Clients may withdraw account assets on notice to First Republic, subject to the usual and customary securities settlement procedures. However, First Republic designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a client's investment objectives.

Fees paid by existing clients remain in effect unless a client is notified of any change in accordance with the terms of their investment management agreement. Fees are based on the amount of assets managed and are normally paid quarterly in advance based on the current market value of the assets at the end of the preceding quarter, however, a number of clients are billed in arrears. Fees for certain existing clients may differ from the fees reflected on this schedule based on the time they became clients. Applicant may agree to a different fee and minimum arrangement based upon certain circumstances such as the amount of assets under management, the nature of such assets, the type of services provided and other factors. Related accounts may be combined in order to reduce the fee charged.

First Republic Investment Management holds a limited power of attorney to act on a discretionary basis for client accounts, but does not maintain possession or custody of the funds or securities of any client. The client's funds and securities will typically be deposited in either a brokerage firm or bank custodian account.

Clients may terminate an investment advisory agreement upon formal notice to the Applicant. In the event a client terminates the relationship prior to quarter-end, he/she will receive a pro-rated refund, calculated in accordance with terms of the management agreement.

California Code of Regulations

Subsection (j) of Rule 260.238 of the California Code of Regulations requires that all investment advisors disclose to their advisory clients that lower fees for comparable services may be available from other sources. While this statement is provided for California residents, residents of other states should be aware that it may apply to them as well.

Applicant and its affiliates may retain any fees or compensation paid to the applicant or its affiliates for services provided with respect to any investment fund or investment vehicle in which the account invests. With respect to money market and other investment companies or pooled investment vehicles that pay management and service fees, and to the extent an account invests in such mutual funds and investment companies or other pooled vehicles, the client may, in effect, bear two levels of management fees regarding that portion of an account - one charged at the fund level, and a second charged by the applicant at the account level. To the extent permitted by applicable law, Applicant and its affiliates may retain any fees or compensation paid to Applicant or its affiliates for services provided with respect to any investment fund or investment vehicle in which the client invests, which shall not offset or reduce the fees charged under the Investment Management Agreement. If the client account is subject to Title I of ERISA or Section 4975 of the Code, in the event account assets are invested in any investment vehicle in respect of which 12b-1 fees or any other fees or amounts are payable to Applicant (or any of its affiliates), the pro-rata share of such 12b-1 and other fees attributable to the account's investment shall be either (i) credited to the account or (ii) offset, dollar for dollar, against fees payable hereunder to Applicant from the account.

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

The Adviser has previously and may in the future accept “performance fees” – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client’s performance. Performance fees or other performance based compensation will be generally based on exceeding specified yield or total return benchmarks or “hurdles” or an appropriate index and generally are payable on a quarterly or annual basis. In some cases, these arrangements may be subject to a cumulative high water mark or other provisions intended to assure that prior losses are recouped before giving effect to any performance fees or allocations. Clients should be aware that performance-based fees give the Adviser a financial incentive to achieve gains and to choose investments that are riskier or more speculative than might otherwise be chosen. First Republic Investment Management is also an Adviser to various pooled investment vehicles, including various hedge fund of funds, in which the underlying sub-funds may collect “performance fees.”

Item 7 - Types of Clients

The Adviser generally provides investment advice to: High Net Worth Individuals, Trusts (including estates or charitable organizations), Pension and profit sharing plans, Banks and Corporations and other business entities.

Applicant subscribes to a \$5,000 annual fee minimum for its Separate Account Investment Management program in order to provide sufficient individual advisory services, and under certain circumstances, applicant may provide advisory services for less than the annual minimum. The annual fee generally varies (between 0.15% and 2.00%), but in no event will annual fees represent more than 3% of the assets under management. The Registrant reserves the right to adjust or waive the minimum fee and to impose an initial set-up fee.

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

Methods of Analysis, Sources of Information, and Investment Strategies

Adviser's security analysis methods include: charting, cyclical, fundamental technical and other analysis including, but not limited to the use of investment models, strategies and recommended portfolios licensed from third party asset managers.

Adviser utilizes a third-party vendor that provides consulting, database, data processing and support services and software (including Asset Optimization modeling software) on a wholesale fee basis. Adviser uses these resources to provide advice to Client on asset allocation and selection of investment managers and investment funds for investment of the Client's account (which may include investment managers that are affiliated or unaffiliated with Adviser and investment funds managed by companies that are affiliated or unaffiliated with Adviser), and periodic review, reporting and reallocation of the Client's assets.

Investment managers recommended to Client shall have investment discretion over portions of Client's assets in the Account. Except as specified below, Adviser shall have no authority to make investment decisions, including buying or selling securities for the Account without prior consultation with, and consent of, Client. Client understands that if Adviser cannot obtain the consent of Client regarding a particular securities transaction, Client may forego the transaction. Adviser may, however, (i) make recommendations regarding investments for the Account, including recommendations regarding Investment Management Consultants, Investment Managers, and Custodians, as specified in the Client's Investment Policy Statement ("IPS") or other Client communication; (ii) rebalance client's account on a quarterly basis to conform to the percentages or amounts of Client's account managed by each investment manager or investment fund to the percentages or amounts previously approved by Client in the IPS or other written Client communication (and Client has authorized Adviser to send instructions to the Custodian and to the relevant investment managers and investment funds to move portions of Client's Account assets among investment funds and investment managers to accomplish such rebalancing) and (iii) invest, reinvest, buy, sell, redeem or hold securities and other assets and contracts, with full discretion, for those portions of a Client's Account that are allocated to direct management by Adviser in the IPS.

If consistent with the IPS, Adviser may allocate a portion of a Client Account to investment by Adviser using an investment model, strategy or recommended portfolio obtained from a third-party. In this case, Adviser, rather than the third-party, makes investment decisions and implements the investment model, strategy or portfolio. Adviser may follow the third-party's model, strategy or recommendations exactly, or may depart to some degree from the model, strategy or recommendations. In this context, the third-party is not an "Investment Manager" (as defined above) for the Client's Account and is not acting as an adviser to the Client's Account, but instead provides information to Adviser and licenses Adviser the right to make use of the model, strategy or portfolio at Adviser's discretion.

Adviser, through one or more IARs offering discretionary advisory services, uses affiliated and third party fundamental research to make investment decisions.

The main sources of information Adviser uses include: Inspections of corporate activities, Annual reports, prospectuses, filings with the Securities and Exchange Commission, Research materials prepared by others, Company press releases and Corporate rating services and use of investment models, strategies and recommended portfolios licensed from third party asset managers.

The investment strategies used to implement any investment advice given to clients include: Long term purchases, Short term purchases, Trading (securities sold within 30 days), Margin transactions, Short sales, and Option writing (including covered options, uncovered options or spreading strategies). Adviser offers advice on the following types of Investments: Equity securities, exchange-listed securities, securities traded over-the-counter (including the pink sheets), foreign issues, Warrants, Corporate debt securities (other than commercial paper), Commercial paper, Certificates of deposit, Municipal securities, United States government securities, options contracts on securities and Interests in partnerships investing in real estate, oil and gas interests and commodities.

The disclosure in this Form ADV document is not intended as an offer or solicitation, or as the basis for any contract to purchase or sell any security, or other instrument, or to enter into or arrange any type of transaction as a consequence of any information contained herein.

The results achieved by individual clients will vary and will depend on a number of factors, including prevailing dividend yields, market liquidity, interest rate levels, market volatilities and the client's expressed return and risk parameters at the time the service is initiated and during the term. Past performance is not a guarantee of future results.

Investors should seek financial advice regarding the appropriateness of investing in any securities, other investment or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized.

Although information in this document has been obtained from sources believed to be reliable, we do not guarantee its accuracy, completeness or fairness, and it should not be relied upon as such. This document may not be reproduced or circulated without our written authority.

The investment services and products mentioned in this document may often have tax consequences; therefore, it is important to bear in mind that FRIM does not provide tax advice. The levels and bases of taxation can change. Investors' tax affairs are their own responsibility and investors should consult their own attorneys or other tax advisors in order to understand the tax consequences of any products and services mentioned in this document.

Products and/or services offered by First Republic Securities Co. LLC, and First Republic Investment Management are not deposits or obligations of, or insured, guaranteed or endorsed by any bank, Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency, entity or person. The purchase of securities involves investment risks including the possible loss of principal.

The Adviser usually recommends a diversified equity portfolio, as well as high quality bonds when appropriate, in an attempt to provide sound returns over the long term. The Adviser strives to generate steady and attractive long-term returns through all natural economic and market cycles. Within this framework, the Adviser builds customized investment strategies to suit each client's unique objectives through highly disciplined, diversified portfolios.

Use of Independent Managers - First Republic may recommend the use of Independent Managers for certain clients. First Republic will continue to do ongoing due diligence of such managers, but such

recommendations rely, to a great extent, on the Independent Managers' ability to successfully implement their investment strategies. In addition, First Republic does not have the ability to supervise the Independent Managers on a day-to-day basis other than as previously described in response to Item 4, above.

Use of Third-Party Models, Strategies and Portfolio Recommendations - The Adviser may allocate a portion of a Client Account to investments using an investment model, strategy or recommended portfolio obtained from a third-party. In this case, Adviser, rather than the third-party, makes final investment decisions and implements the investment model, strategy or recommended portfolio. Adviser may follow the third-party's model, strategy or recommendations exactly, or may depart to some degree from the model, strategy or recommendations. The third-party is not acting in this case as an "Independent Manager" as described immediately above) and is not an investment adviser to the Client, generally does not review or have access to Client account information, and does not tailor the model, strategy or recommendations to the Client's situation and needs, although Adviser may do so. Because the third party may use the model, strategy or recommendations to manage its own clients' accounts and its proprietary or investment fund assets, and may sell the model, strategy or recommendations for use by other investment managers with their own clients, the timing of portfolio purchase and sale transactions for Client Accounts may occur after transactions have been placed for other investors whose accounts are managed using the third-party model, strategy or recommendations, and executions may occur through different brokers and dealers with different prices and transaction costs than those used by other investors whose accounts are managed using the third-party model, strategy or recommendations, resulting potentially in less favorable purchase and sale prices for Client's Account and different investment returns than those of other investors whose accounts are managed using the third-party model, strategy or recommendations."

Use of Private Collective Investment Vehicles (Hedge Funds) - First Republic may recommend the investment in privately placed collective investment vehicles (some of which may be typically called "hedge funds") by certain clients. The managers of these vehicles will have broad discretion in selecting the investments. There are few limitations on the types of securities or other financial instruments which may be traded and no requirement to diversify. The hedge funds may trade on margin or otherwise leverage positions, thereby potentially increasing the risk to the vehicle. In addition, because the vehicles are not registered as investment companies, there is an absence of regulation. There are numerous other risks in investing in these securities. The client will receive a private placement memorandum and/or other documents explaining such risks.

Use of Margin - to the extent that a client authorizes the use of margin, and margin is thereafter employed by First Republic in the management of the client's investment portfolio, the market value of the client's account and corresponding fee payable by the client to First Republic will be increased. As a result, in addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest whereby the client's decision to employ margin shall correspondingly increase the management fee payable to First Republic. Accordingly, the decision as to whether to employ margin is left totally to the discretion of client.

While the use of margin borrowing can substantially improve returns, such use may also increase the adverse impact to which a client's portfolio may be subject. Borrowings will usually be from securities brokers and dealers and will typically be secured by the client's securities and/or other assets. Under certain circumstances, a broker-dealer may demand an increase in the collateral that secures the client's obligations and if the client were unable to provide additional collateral, the broker-dealer could liquidate assets held in the account to satisfy the client's obligations to the broker-dealer. Liquidation in that manner could have extremely adverse consequences. In addition, the amount of the client's borrowings

and the interest rates on those borrowings, which will fluctuate, will have a significant effect on the client's profitability.

Securities are by definition speculative in nature and this strategy, over the short term, has a low margin of safety or a significant risk of the loss of principal. The investments in securities made by the Adviser are not deposits or obligations of, or insured, guaranteed or endorsed by any bank, Federal Deposit Insurance Corporation, the Federal Reserve Board, or any other agency, entity or person. The purchase of securities involves investment risks including the possible loss of principal.

Item 9 - Disciplinary Information

Neither the Adviser nor any management person of the Adviser has been involved in any criminal or civil action in a domestic, foreign or military court of competent jurisdiction.

Neither the Adviser nor any management person of the Adviser has been involved in any administrative proceeding before the SEC, any other federal regulatory agency, any state regulatory agency, or any foreign financial regulatory authority.

Neither the Adviser nor any management person of the Adviser has been involved in any self-regulatory organization (SRO) proceeding.

Item 10 - Other Financial Industry Activities and Affiliations

The Adviser has an affiliated broker-dealer, First Republic Securities Company, LLC ("FRSC") and a number of the Adviser's management persons and representatives are also registered representatives of this affiliated broker-dealer.

As a registered securities broker-dealer, FRSC offers a variety of services, including taking customer orders, executing securities transactions and providing custody services. Customer brokerage accounts at FRSC are cleared on a fully-disclosed basis at Pershing LLC which has custody of the FRSC customer accounts. Pershing is a clearing broker that is not affiliated with FRSC or the Adviser.

FRSC can also provide research and make recommendations to brokerage customers about whether to buy, sell or hold securities. FRSC offers these recommendations as part of their brokerage services and does not charge a separate fee for providing research or making recommendations. FRSC's recommendations should be suitable for each customer, in light of the customer's particular financial circumstances, goals and tolerance for risk. Nonetheless, in their capacity as a broker-dealer, FRSC does not render investment advice or make investment decisions for customers or manage their accounts on a discretionary basis.

In FRSC's capacity as a broker-dealer, they will only buy or sell securities for you based on specific directions from you or your authorized agent.

FRSC also has an insurance division, "Grand Eagle", which is primarily in the business of the sale of variable life insurance products. Wingspan, LLC is an insurance agency, jointly owned and controlled by two First Republic Bank employees who are "Access Persons" of FRIM. Wingspan is primarily in the business of the sale of term and whole life insurance products. FRIM Investment Adviser Representatives, Access People and FRSC Registered Representatives, in their capacity as licensed Life Insurance Agents, may receive compensation from Grand Eagle or Wingspan for the sale of insurance products.

First Republic Investment Management, Inc. (FRIM), an affiliate of FRSC, offers a variety of investment advisory services. You may also choose to hire an investment adviser that is unaffiliated with FRSC to manage your assets maintained in an FRSC brokerage account.

You may choose from several types of brokerage accounts offered by FRSC. With respect to our commission-based brokerage account, you would pay FRSC for brokerage services each time they execute a transaction for your account. FRSC can act as either your agent or "broker," or as a principal or "dealer" for each transaction. When we act as a broker, we will act as your agent and will charge you a commission each time we buy or sell a security for you. When we act as a "dealer," we act as a principal for our own account on the other side of a transaction from you. Using our inventory, we buy a security from or sell a security to you, and seek to make a profit on the trade by charging you a "mark-up," "mark-down" or "spread" on the price of the security [in lieu of commissions you pay on these transactions]. If a customer has a brokerage account at FRSC that is managed by FRIM, FRSC generally does not act as a principal or riskless principal in securities transactions that are conducted through the account when advised by FRIM. In riskless principal transactions, FRSC receives a customer order and, to fill that order, purchases a security in the market and simultaneously resells that same security to the customer at a slightly higher price (or if the customer is selling the security, FRSC purchases the security from the customer and simultaneously resells that security into the securities markets at a slightly higher price), with the spread between the purchase and resale price or "mark up" being compensation to FRSC in lieu of a commission for effecting the transaction for the customer.

Nonetheless, FRSC may act as a principal or a riskless principal and charge mark-ups on portions of the account or a sub-account or separate brokerage account where FRIM is not acting as an investment adviser for the transaction. FRSC generally act as a principal or riskless principal only in customer transactions in bonds or other fixed-income securities or certificates of deposit and in non-discretionary transactions where FRSC acts as a broker-dealer and not as an investment adviser and FRIM is not providing advice or exercising investment discretion. The amount of any commissions are reflected in the brokerage account confirmations sent by FRSC, and if we FRSC is acting as a principal or riskless principal in a transaction, that is also reflected in the confirmation sent to customers.

Generally, customer accounts held through the adviser custody department of FRSC are managed on a discretionary basis either by FRIM or by another investment adviser that has separately contracted with the customer to provide investment management services to the customer. The asset-based brokerage fees charged by the adviser custody department of FRSC are separate from the investment management and other fees charged by the investment adviser retained by the customer to manage the customer's account. Both sets of fees are generally debited from the customer's account on a monthly or quarterly basis and reflected on the FRSC account statements sent to the customer.

It is also important to note that with respect to both commission-based accounts and asset-based fee accounts, FRSC may earn income from cash balances that are "swept" from such brokerage accounts into money market mutual funds or bank deposits. These fees are often paid by the mutual fund or First Republic Bank (which is the parent company of FRSC) to FRSC over time based upon a percentage of the amount of customer balances held at the mutual fund or First Republic Bank and the period for which they are held.

It is important to review the fee schedule for each type of brokerage account to determine which type of account is appropriate for you as a number of factors will contribute to the determination as to which type of brokerage account will be more cost-effective for you, including, among other things, the number of transactions you anticipate to be executed for the account, the timeline for maintaining the account, the amount of assets you will maintain in the account, and the type of investment strategy that you will employ.

It is important to understand that the brokerage services FRSC provide to you are separate and distinct from investment advisory services and each is governed by different laws.

As your broker-dealer, FRSC are held to the legal standards of the Securities Exchange Act of 1934, the SEC, the rules of the Financial Industry Regulatory Authority (FINRA), the Municipal Securities Rulemaking Board (MSRB), and state laws that apply to securities broker-dealers. As your broker-dealer, FRSC has a duty to deal fairly with you. Consistent with our duty of fairness, FRSC is obligated to make sure that the prices you receive when we execute transactions for you are reasonable and fair in light of prevailing market conditions and that the commissions and other fees we charge you are not excessive. FRSC must have a reasonable basis for believing that any securities recommendations we make to you are suitable for you, given your individual financial circumstances, needs and goals. In many circumstances, FRSC are permitted to trade with you for our own account or for an affiliate or another client and may earn a profit on those trades. When we engage in these trades, we disclose the capacity in which we acted on in your trade confirmations, although we are not required to communicate this or obtain your consent in advance, or inform you of profits earned on trades.

In providing brokerage services to you through commission-based accounts rather than through an asset-based fee account or where we are paid special compensation for providing advice in respect of the transaction, FRSC is not acting as your investment adviser, even if they are providing recommendations to you as broker-dealer. The Investment Advisers Act does not apply in FRSC's transactions with you as your broker-dealer with respect to such accounts when we are not acting as investment adviser. For instance, when we are acting solely as a broker-dealer, our legal obligations to disclose detailed information to you about the nature and scope of our business, personnel, fees, conflicts between our interests and your interests, and other matters are more limited than in situations where an investment adviser would owe fiduciary duties and other obligations to you. On the other hand, FRSC's servicing of brokerage accounts held through our adviser custody department that are charged asset-based fees is subject to regulatory requirements imposed by the Investment Advisers Act.

If you have more than one account or sub-account with us, those accounts or sub-accounts may be charged fees on different bases or schedules. In some cases, this may mean one account or part of an account that you have with us is subject to the Investment Advisers Act and the other is not. If an account or sub-account is not within the adviser custody department of FRSC and is not advised by FRIM, that account or particular transactions within the account may be charged commissions on brokerage transactions or mark-ups on riskless principal or principal transactions effected by the affiliate broker-dealer. Generally, these transactions are not regulated under the Investment Advisers Act and FRSC is acting solely as a securities broker-dealer subject to the SEC, FINRA, MSRB and state regulatory requirements applicable to securities broker-dealers.

Please be aware that our employees who service your accounts may, in some transactions, act as a broker-dealer representative of FRSC, and in other transactions that same employee may be acting as an investment adviser representative of the adviser custody department of FRSC or of FRIM. Different regulatory requirements and compensation arrangements apply to the individual representative of FRSC and the transactions, depending on the capacity in which the individual and FRSC is acting.

It is also important to keep in mind that securities, mutual funds and other non-deposit investment products available through FRSC are not deposits or other obligations of First Republic Bank or any other bank, are not insured by the FDIC or guaranteed by any government agency, and are subject to investment risks, including the possible loss of principal amounts invested.

Please contact us if you have any questions about your brokerage account, our services, and our relationship with you at (415) 392-1400.

Adviser is a wholly owned subsidiary of First Republic Bank, a California Bank.

First Republic Securities Company, LLC ("FRSC") is a FINRA registered Broker-Dealer and is also a wholly owned subsidiary of First Republic Bank and an affiliate of the Adviser.

The Adviser may refer clients to the bank and sell bank products to investment clients. FRSC makes available several different options for holding uninvested cash in our customers' Brokerage Accounts ("sweep options"). Not all sweep options are available to all FRSC customers. The primary sweep option for those customers who qualify is the Eagle Sweep program. The Eagle Sweep Account is an FDIC-insured deposit account opened and maintained by FRSC's Clearing Agent, Pershing LLC, at FRSC's affiliated bank, First Republic Bank, the deposits of which are insured by the FDIC to the extent provided under the Federal Deposit Insurance Act and FDIC rules. The deposit account shall be entitled "Pershing LLC for exclusive benefit of its customers."

Disclosure regarding Eagle Sweep can be found at:

http://www.firstrepublic.com/downloads/inv/brokerage/eagle_sweep_disclosure.pdf

Consequently, the Adviser will have an incentive to allocate cash to the "Eagle Sweep" account at First Republic Bank through the Adviser's affiliated Broker-Dealer. Specifically, both entities are under common control and First Republic Bank will receive additional compensation for cash balances in your account. The asset based management fee charged to your account does include cash and cash equivalents, including cash allocated to the "Eagle Sweep" Account at First Republic Bank..

Margin buying of securities

If you allowed a margin account to be opened, and if this is consistent with your investment objectives (as determined by the Adviser or its Representatives, in their sole discretion), the securities in your account may be pledged for collateral to borrow and buy more securities than could be purchased on a cash basis.

Margin buying is buying securities with cash borrowed from a broker (including an affiliate of the Adviser), using other securities as collateral. This has the effect of magnifying any profit or loss made on your account. The securities serve as collateral for the loan, and this margin loan must be repaid even if the residual value of your account is insufficient to do so.

The Adviser and its representatives will have an incentive to borrow money on your account and pledge the assets in your account as collateral as described above if doing so through the Adviser's affiliated Broker-Dealer. Specifically, both entities are under common control and your Portfolio Manager will receive additional compensation for indebteding you and your account.

First Republic Securities Company, LLC receives 12(b)1 fees for the sale of certain open-ended investment companies (mutual funds). FRSC will receive such fees for certain mutual funds purchased by advisory clients of FRIM, as determined by the Adviser or its Representatives, in their sole discretion.

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

The Adviser maintains a comprehensive Code of Ethics and Insider Trading Policy (the "Code") in accordance with Rule 204A-1 of the Investment Advisers Act, and other applicable laws and regulations, as well as industry best practice standards. The Code exists to ensure an ongoing commitment to the principle that client and fund shareholder interests are, at all times, paramount to the interests of any employee, officer, or director of the Applicant.

Procedures established in the Code are intended to prevent and detect any conflicts of interest and prohibited activities in connection with personal trading or other activities on the part of Applicant's employees. All of the provisions of the Code apply to all of Applicant's employees. In addition, the Code's provisions apply to the employee and to any account in which he/she has a beneficial interest or exerts influence or control.

Principal elements of the Code of Ethics:

- Personal trade pre-clearance requirement for all employee trades, which expires after the close of business the same day, for all Access Persons (employees, officers and directors who, in the normal course of business, are likely to exercise investment control or be privy to decisions made on behalf of client interests);
- Prohibitions on short selling, IPO participation, and short term profit taking (60 Day Holding requirement);
- Prohibition on some personal trades above \$20,000 or 5,000 shares (\$250,000 for S&P500 stocks, Top 20 ETFs and Top 50 ADRs) for all employees in which there is a pending order for any advisory account;
- Two day restriction, (48 hour black out period) for changes to the Applicant's recommended list, on personal trades for Investment Personnel when transactions have been executed in the same securities for advisory accounts in which they exercise, or participate in the execution of, investment control;
- Restriction on investments in Private Placement securities;
- Reporting requirements including: Initial and Annual holdings disclosure, Initial and Annual Code of Ethics certification, Annual and Quarterly Trading Disclosure, Annual and Quarterly Brokerage Account Disclosure (including provision of duplicate confirmations and statements), Initial and Quarterly Outside Business Affiliations Disclosure, Annual and Quarterly Political Contributions Disclosure, Initial and Quarterly Conflict of Interest Policy Certification.

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

Applicant's Chief Compliance Officer is responsible for the implementation and administration of the Code. Responsibilities include, but are not limited to, pre-clearance of all personal trade requests, monitoring of firm activity in relation to employee activity and maintenance of records in accordance with applicable laws and regulations. Any violation of the Code, including engaging in a prohibited transaction or failing to meet reporting requirements, may result in disciplinary action, including, but not limited to, disgorgement of profits, payment of fines, censure, and where appropriate, suspension or termination of employment. The Chief Compliance Officer is required to report to the applicant's Compliance Committee, and the Board of Directors of any Fund to which applicant serves as advisor, any circumstance of fraud, deceit, or manipulative practice which could be found to have been practiced on a client of the applicant in connection with personal trading by employees and other material violations of the Code.

Applicant has also established an Investment Ethics Committee (the "Committee"), composed of Senior Investment and Compliance personnel, with authority and oversight responsibility in regard to personal

securities trading and the application of the Code. The Committee's mandate is to provide an additional mechanism for dealing with potential conflicts between personal and advisory account activity, and provide assistance and guidelines to the Compliance Officer with respect to interpretative issues that may arise under the Code.

With respect to securities of the parent company (stock in First Republic Bank (NYSE symbol FRC), the Adviser prohibits the purchase of this stock on a discretionary basis for clients of the Adviser (purchases can only be made for clients pursuant to written instruction and any account assets invested in FRC stock are not billed so as to act as a disincentive).

From time to time, the Adviser may invest in securities on behalf of clients that are of the same type that the Adviser's employees, officers or directors may also own, or buy or sell at the same time, subject to the small trade de minimis exceptions (as described above).

Where a Portfolio Manager's interests are aligned and that Portfolio Manager trades the same way alongside clients, that is buys or sells the same securities at the same time and at the same price as for the Adviser's clients, and aggregates and average prices these purchases and sales, there is no de minimis (small trade) limitation.

As an affiliated broker-dealer, First Republic Securities Co., LLC ("FRSC") may enter into principal transactions with their brokerage clients, some of whom may be Applicant's clients. In general, FRSC would enter into principal transactions only in municipal securities. However, no principal trading will be done on the part of clients who have municipal assets managed by Applicant, and as a practice, Applicant does not direct any municipal securities trades to FRSC.

Applicant may effect agency cross-transactions (i.e. transactions for which the Adviser or its affiliates act as broker for both Client and the other party to the transaction), but will not collect a commission or any other compensation (with the exception of a \$25 ticket charge) in connection with that trade, in accordance with the procedures described in Section 206(3) of the Investment Advisers Act of 1940, as amended, and any rules promulgated there under. Such trades will only be done on an exception basis, with prior written consent of both buyer and seller, where mutually beneficial to both parties. Client may revoke the authorization to affect agency cross-transactions at any time by written notice to Applicant. If any agency cross-trades are effected during the year, a list of all agency cross-trades will be provided at year end.

Item 12 - Brokerage Practices

Generally, Applicant has discretionary authority to determine the securities to be bought or sold for clients, the amount of such securities, the broker-dealer to be used and the commission to be paid, subject to a client's established guidelines. Applicant will use its best efforts to obtain the best available price and most favorable execution ("best execution") with respect to all portfolio transactions executed on behalf of its clients.

In selecting a brokerage firm and negotiating commission rates when placing a trade on behalf of a client account(s), Applicant considers the full range and quality of brokerage services available, in conjunction with a security's price, liquidity and order Investment or Brokerage Discretion size. These include but are not limited to: capable floor brokers or traders, competent block trading coverage, good communications, ability to position, financial condition, general research services, retail distribution and underwriting, use of automation, research relating to the particular transaction, arbitrage skills, administrative ability or provision of market information relating to the security. Applicant will make periodic evaluations of the

quality of brokerage services provided by firms selected. Brokerage services will be obtained only from those firms which meet Applicant's standards, are financially sound, and can be expected to supply such services reliably and continuously. In addition, Applicant may use Alternative Trading Systems or an Electronic Communications Network (ECN), i.e. Instinet, to facilitate best execution efforts.

Where possible, Applicant will aggregate orders of various clients in order to obtain a lower commission rate. Partial executions will be allocated to accounts, on a size basis, utilizing the following sequence: top down, bottom-up, middle to bottom, middle to top. In situations where aggregated trades are executed in multiple lots at varying prices, each participating client's proportionate share will reflect the average price paid or received with respect to the aggregate order.

Applicant may effect agency cross-transactions (i.e. transactions for which the Adviser or its affiliates act as broker for both Client and the other party to the transaction), but will not collect a commission or any other form of compensation in connection with that trade (except for a \$25 ticket charge), in accordance with the procedures described in Section 206(3) of the Investment Advisers Act of 1940, as amended, and any rules promulgated there under. Client may revoke the authorization to effect agency cross transactions at any time by written notice to Applicant. Such trades will only be done on an exception basis, with prior written consent of both buyer and seller, where mutually beneficial to both parties. Client may revoke the authorization to affect agency cross-transactions at any time by written notice to Applicant. If any agency cross-trades are effected during the year, a list of all agency cross-trades will be provided at year-end.

The Adviser has an incentive to select or recommend a broker-dealer based on the Adviser's interest in receiving research or other products or services, rather than on your interest in receiving best execution.

Adviser may, in its sole discretion, cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), in return for receiving research or other products or services that save the Adviser money, rather than on your clients' interest in receiving best execution.

Advisor may place all orders for transactions in any client account with a Bank or Broker-Dealer selected by Advisor, including affiliated or unaffiliated Banks or Broker-Dealers. Such Banks or Broker-Dealers will act as the Custodian on the accounts. In return for using certain Banks or Broker Dealers, Advisor may receive research-related and brokerage services in accordance with Section 28(e) of the Securities Exchange Act. Receipt of such research and brokerage services is an economic benefit to Advisor as it relieves Advisor from paying third parties for such services; however, Advisor may not, and is not required to, use research and brokerage services provided by Advisor's affiliates to benefit the particular Client's Account that paid for the research. Additionally, research and brokerage services may also be used to benefit the accounts of Advisor's other clients. The Advisor does not generally use discount brokers, but acknowledges that brokerage fees may be lower if a discount broker were used to execute securities transactions for Client's Account. As such, clients can direct the Advisor to use a broker of their own choosing, including but not limited to discount brokers unaffiliated with the Advisor. In any event, in Advisor's selecting of a firm to execute transactions for the Account, and in selecting the markets on or in which the transactions will be executed, Advisor is not obligated to solicit competitive bids for each transaction or seek the lowest available commission cost to Client's Account. A direction by the Client or by the Advisor to use Advisor's affiliated Bank or Broker Dealer to effect transactions in the Account may result in less advantageous execution, including greater spreads (the difference between the bid and the offer price) or less favorable net prices, than if an Unaffiliated Investment Firm were to execute the transaction. Trades by the Advisor's affiliated Bank or Broker Dealer may also be affected by or through Advisor's affiliates acting as agent or, to the extent permitted by law, as principal. Notwithstanding this direction, if none of Advisor's affiliates can effect a transaction on Client's behalf,

the Advisor may affect the transaction through a bank, broker or dealer unaffiliated with Advisor (each, an "Unaffiliated Investment Firm").

Notwithstanding the foregoing, nothing in this section shall be construed or interpreted in any way as limiting or preventing Advisor from authorizing and directing that any or all transactions in the Account be effected through any affiliated or unaffiliated Bank or Broker-Dealer, whether discount or full service, in the Advisor's sole discretion. In Advisor selection of a Bank or Broker-Dealer to execute transactions, Advisor will take into account various factors, such as the nature and quantity of the securities involved; the markets involved; the importance of speed, efficiency and confidentiality; the firm's apparent knowledge of such markets and sources from or to whom particular securities might be purchased or sold; the reputation and perceived soundness of the firm; the ability and willingness of the firm to facilitate both purchases and sales of securities for the Account by participating in such transactions for its own account; the firm's clearance and settlement capabilities; and other factors relevant to the selection of a broker-dealer for the execution of Client's securities transactions. Such factors may not include services in accordance with Section 28(e) of the Securities Exchange Act and the Bank or Broker-Dealer may be an affiliate of the Advisor, where this is permitted by law.

Mark-ups or mark-downs that are not treated as commissions and that are payable to Unaffiliated Investment Firms (including fixed-income or over-the-counter transactions in which an affiliate of Advisor, including First Republic Securities Company acts as agent) are not covered by Advisor's fees will be paid by Client rather than Advisor or any Investment Manager.

There may be instances in which Advisor or its affiliates may act as principal in effecting an investment transaction for Client's Account, in accordance with applicable law. If Advisor or an affiliate of Advisor effects a principal transaction for Client's Account, Advisor will not charge a mark-up or mark-down. Client acknowledges, however, that principal transactions may be subject to a spread, underwriting fee or selling concession, which may result in additional compensation or other benefit to Advisor's affiliates and, indirectly, to Advisor. Client hereby authorizes transactions for Client's Account to be effected on a stock exchange by Advisor or its affiliates, as appropriate.

To the extent permitted by applicable law, Advisor may, but is not required to, aggregate orders for the sale or purchase of securities for a Client's Account with orders for the same security for its other clients, its proprietary accounts or the accounts of its employees and/or related persons, without the Client's prior authorization. In such cases, each account in the aggregated transaction will be charged or credited with the average price and, when applicable, its pro-rata share of any fees.

For client accounts where Applicant has brokerage discretion, Applicant selects broker-dealers based upon their execution capabilities, the value of research products / services provided and the value of products/services provided that aid Applicant in seeking to obtain "best execution". Applicant allocates client brokerage to certain broker-dealers under Soft Dollar arrangements, whereby over a period of time, Applicant is required to direct a minimum amount of commission to the broker-dealer. Through these arrangements, Applicant obtains research products and services that it deems helpful in the investment decision making process. As a result, this may cause Applicant to pay a higher commission rate for a securities transaction, as opposed to a non-Soft Dollar transaction in the same security. Such higher commissions will be paid in accordance with Section 28(e) of the Securities Exchange Act of 1934, which requires Applicant to determine in good faith that such transactions are reasonable in relation to the value of research and execution products/services provided.

Accordingly, the research that is obtained is generally used to benefit many accounts rather than just the client account(s) for which the order is being executed, though not all research may be used by Applicant in connection with the Account which paid commissions to the broker-dealer providing research.

Research received by the Applicant includes, but is not limited to, information on the US and other world economies, information on specific industries, groups of securities, individual companies, political and other relevant news developments affecting markets and specific securities, and technical and quantitative market information. Research is received via written reports, telephone contacts, Email, facsimiles, personal meetings, research seminars and access to computer databases. In some instances, research products or services received by Applicant may also be used by Applicant for non-research related functions. In the event a product or a service has a mixed use, Applicant will make a reasonable allocation according to its use and will pay for the non-research portion in cash using its own funds. Applicant's clients should be aware that such an allocation determination presents a potential conflict of interest. Applicant currently does not have Soft Dollar Arrangements for any mixed use arrangements.

Soft dollar benefits derived from any client "paying up" for commissions in excess of execution costs for research are used to service and benefit all clients' accounts, and not only for the exclusive benefit of those clients that paid more in commissions for the research. The Adviser does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate. Clients that choose a discount broker instead of the Adviser's affiliate or allowing the Adviser to select the broker will receive all benefits derived from other clients that paid for the benefits.

The following is a list of broker-dealers and corresponding research services for which Applicant currently maintains a soft dollar arrangement:

| <u>Broker / Dealer</u> | <u>Service</u> |
|----------------------------|--|
| Reynders Gray & Co., Inc. | KLD Social Research, AMEX Quotes |
| Davis, Mendel & Regenstein | Economic Research |
| ISI | Economic Research |
| Green Street | REIT Research |
| Oppenheimer | Small Cap Research |
| Bank of New York | Third Party Company Research |
| Fidelity | Eligible Research and Brokerage Services |

Where there is no "give up" charge for executing away from the custodian, client transactions are directed to particular broker-dealers (listed above) in return for soft dollar benefits received by the Adviser (eligible brokerage and research services) for the benefit of all clients.

In all cases where clients are referrals from a Bank or Broker-Dealer, whether affiliated or unaffiliated, to the extent possible all transaction are directed to the particular bank or broker-dealer that made the referrals (in return for client referral).

The Adviser routinely recommends that all clients utilize and execute all transactions through FRSC, an affiliate of and under common control with the Adviser.

Client acknowledges in the standard Agreement with Adviser that brokerage fees would be lower if a discount broker were used to execute securities transactions for Client's Account. In selecting a firm to execute transactions for the Account, and in selecting the markets on or in which the transactions will be executed, Advisor is not obligated to solicit competitive bids for each transaction or seek the lowest available commission cost to Client's Account.

Client waives any right to best execution where client agrees to utilize Adviser's inter-positioned affiliated broker-dealer (FRSC).

Not all advisers require their clients to direct brokerage

As noted above, the Adviser has an economic relationship that creates a material conflict of interest, as described above.

Notwithstanding anything to the contrary contained herein, at any time and from time to time, Client may direct Advisor in writing to place orders of execution with or through such brokers, dealers or banks as Client may select. It shall be the duty of Advisor to act strictly in accordance with each such direction and, except as provided below, Advisor shall be under no duty to question any such direction by Client. If Advisor shall disagree with any such direction by Client, or be aware of any reason why such direction is illegal or imprudent, it shall so advise Client forthwith. If Client thereafter determines not to rescind such direction, Advisor shall have no liability for any loss which may result from any action taken by it in accordance with such direction.

Adviser may be unable to achieve most favorable execution of client transactions where the client directs brokerage. Explain that directing brokerage may cost clients more money. For example, in a directed brokerage account, the client may pay higher brokerage commissions because the Adviser may be unable to aggregate orders to reduce transaction costs, or the client may receive less favorable prices.

Applicant will accept client directions to utilize a specific broker-dealer to execute all transactions in the respective client's account in recognition of services provided to the client by the broker-dealer ("directed brokerage"). Due to the pre-arrangement between client and broker-dealer, Applicant will not seek to negotiate commission rates for client directed accounts, and can not guarantee best execution will be fulfilled. As such, the client may pay a higher commission rate and endure higher transaction costs than it otherwise would have if directed brokerage was not specified by the client. In addition, the client may not obtain the most favorable terms since Applicant may be unable to aggregate trades that are subject to a directed brokerage arrangement with trades directed by Applicant. However, to the extent possible, Applicant will aggregate trades that have been requested to be directed to the same brokerage firm in order to facilitate best execution. Note: Applicant may execute aggregated trades for non-direct clients through the same broker-dealer to which some clients have directed brokerage.

By directing Applicant to use a specific broker-dealer, clients subject to ERISA confirm and agree with Applicant that they have the authority to make such direction; that there are no provisions on any client or plan document which are not consistent with the direction; that the brokerage and other goods and services provided by the broker-dealer through the brokerage transactions are provided solely to and for the benefit of the client's plan, plan participants and their beneficiaries; that the amounts paid for the brokerage and other services have been determined by the client and the plan to be reasonable; that any expenses paid by the broker on behalf of the plan are expenses that the plan would otherwise be obliged to pay; and that the specific broker-dealer is not a party in interest of the client or the plan as defined under applicable ERISA regulations.

Advisor participates in the institutional advisor program (the "Program") offered by TD Ameritrade Institutional. TD Ameritrade Institutional is a division of TD Ameritrade Inc., member FINRA/SIPC/NFA ("TD Ameritrade"), an unaffiliated SEC-registered broker-dealer and FINRA member. TD Ameritrade offers to independent investment advisors services which include custody of securities, trade execution, clearance and settlement of transactions. Advisor receives some benefits from TD Ameritrade through its participation in the Program.

Because in most cases client's transactions are executed with the client's carrying broker dealer, it is very rare for the Adviser to aggregate the purchase or sale of securities for various client accounts. Simply put, the Adviser general does not aggregate orders because it does not have the opportunity to do so.

Brokerage Practices and conflicts unique to the Luminous Capital division of First Republic Investment Management, Inc.

The Luminous Capital division of First Republic Investment Management, Inc. ("Luminous Capital ") generally recommends that clients utilize the brokerage and clearing services of Fidelity and Schwab.

Factors which Luminous Capital considers in recommending Fidelity, Schwab or any other broker-dealer to clients include their respective financial strength, reputation, execution, pricing, research and service. Fidelity and Schwab enable Luminous Capital to obtain many mutual funds without transaction charges and other securities at nominal transaction charges. The commissions and/or transaction fees charged by Fidelity and Schwab may be higher or lower than those charged by other Financial Institutions.

The commissions paid by Luminous Capital's clients comply with Luminous Capital's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified Financial Institution might charge to effect the same transaction where Luminous Capital determines that the commissions are reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a Financial Institution's services and the fees for those services, including among others, the value of research provided, execution capability, commission rates, and responsiveness. Luminous Capital seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions.

Luminous Capital periodically and systematically reviews its policies and procedures regarding its recommendation of Financial Institutions in light of its duty to obtain best execution.

The client may direct Luminous Capital in writing to use a particular Financial Institution to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that Financial Institution, and Luminous Capital will not seek better execution services or prices from other Financial Institutions or be able to "batch" client transactions for execution through other Financial Institutions with orders for other accounts managed by Luminous Capital (as described below). As a result, the client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case. Subject to its duty of best execution, Luminous Capital may decline a client's request to direct brokerage if, in Luminous Capital's sole discretion, such directed brokerage arrangements would result in additional operational difficulties.

Transactions for each client generally will be effected independently, unless Luminous Capital decides to purchase or sell the same securities for several clients at approximately the same time. Luminous Capital may (but is not obligated to) combine or "batch" such orders to obtain best execution, to negotiate more favorable commission rates, or to allocate equitably among Luminous Capital's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Luminous Capital's clients pro rata to the purchase and sale orders placed for each client on any given day. To the extent that Luminous Capital determines to aggregate client orders for the purchase or sale of securities, including securities in which Luminous Capital's Supervised Persons may invest, Luminous Capital generally does so in accordance with applicable rules promulgated under the Advisers Act and no-action guidance provided by the staff of the U.S. Securities and Exchange Commission. Luminous Capital does not receive any additional compensation or remuneration as a result of the aggregation. In the event that Luminous Capital determines that a prorated allocation is not

appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Luminous Capital may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist Luminous Capital in its investment decision-making process. Such research generally will be used to service all of Luminous Capital's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because Luminous Capital does not have to produce or pay for the products or services.

It is Luminous Capital's policy to minimize the occurrence of trade errors. Should any trade errors occur, however, Luminous Capital shall take any steps necessary to put the client in the position it should have been but for the trade error. In the event Luminous Capital determines that a bona fide trade error has occurred, Luminous Capital may move offsetting trades into its error account. Depending on the internal trade error policies and procedures of the particular custodian/broker-dealer for the account, Luminous Capital's error account may be debited if the offsetting trade results in a loss or credited if the offsetting trade results in a gain. In fulfilling its duties to its clients, Luminous Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Luminous Capital's receipt of a credit for a gain creates certain conflicts of interest including influencing Luminous Capital's choice of a particular broker-dealer over another that does not have a similar policy.

Software and Support Provided by Financial Institutions

Luminous Capital may receive from Fidelity and Schwab, without cost to Luminous Capital, computer software and related systems support, which allow Luminous Capital to better monitor client accounts maintained at Fidelity and Schwab. Luminous Capital may receive the software and related support without cost because Luminous Capital renders investment management services to clients that maintain assets at Fidelity and Schwab. The software and related systems support may benefit Luminous Capital, but not its clients directly. In fulfilling its duties to its clients, Luminous Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Luminous Capital's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits may influence Luminous Capital's choice of broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Additionally, Luminous Capital may receive the following benefits from Fidelity and Schwab through their respective institutional divisions: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively service their institutional division participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the

appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.

Luminous Capital shall receive additional compensation from Fidelity based on that portion of client assets held at Fidelity which consist of no transaction fee (NTF) mutual funds. Luminous Capital is paid approximately 19 basis points on applicable client assets on an ongoing basis for providing back-office, administrative, custodial support and clerical services to Fidelity in connection with client accounts. This relationship creates a potential conflict of interest as Luminous Capital would benefit more by recommending NTF funds for clients. Moreover, Luminous Capital has received monetary support from Fidelity towards the implementation of Advent APX portfolio management, accounting and client relationship management technology. In fulfilling its duties to its clients, Luminous Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Luminous Capital's receipt of additional compensation from Fidelity creates a potential conflict of interest since this benefit may influence Luminous Capital's choice of broker-dealer over another broker-dealer that does not furnish similar benefits.

In addition, Luminous Capital may also receive additional monetary support for technology needs from Schwab. Moreover, Luminous Capital shall receive additional compensation from Schwab based on revenue from all net new assets (NNA) transferred to Schwab, subject to a minimum asset hurdle as well as date restrictions. Luminous Capital's receipt of additional compensation from Schwab creates a conflict of interest since this benefit may influence Luminous Capital's choice of broker-dealer over another broker-dealer that does not furnish similar benefits.

Certain companies that provide or sponsor products in which Luminous Capital's advisory clients invest have contributed costs towards certain of the firm's employee and client events. In fulfilling its duties to its clients, Luminous Capital endeavors at all times to put the interests of its clients first. Clients should be aware, however, that Luminous Capital's receipt of compensation towards employee and client events from these providers or sponsors creates a potential conflict of interest since this benefit may influence Luminous Capital's choice of products over others.

Employees of FRIM may buy or sell securities which FRIM recommends or buys or sells on a discretionary basis for clients, but only pursuant to the procedures described in the Code of Ethics, meaning that either (1) buys and sells alongside at same price as clients, (2) in de minimis (small) amounts that will not adversely impact client price or (3) 48 hours before or after clients orders.

Neither FRIM nor any related person is an issuer of any securities purchased for clients on a discretionary basis, and neither FRIM nor any related person has a material financial interest in any security purchased for any client on a discretionary basis.

Neither FRIM nor any related person acts as general partner to a partnership in which clients are solicited to invest or offered to advisory clients, however, FRIM is an Adviser to the Altair family of private pooled investment vehicles, and the conflict that this represents is described in the Private Placement Memorandum for each such fund.

Item 13 - Review of Accounts

Applicant engages in an initial and ongoing review of each client's background, risk tolerance and investment objective(s) in relation to economic conditions and financial market behavior. Applicant's Portfolio Managers are responsible for the review of accounts, and as fiduciaries, maintain regular contact with each client. Applicant's supervisory structure requires that each Portfolio Manager select from

within a universe of investment securities or funds that has been reviewed by the applicant's Investment Committee, and that all new accounts and new Portfolio Manager abide by these requirements within a reasonable time (usually 24 months) absent extenuating circumstances (such as a low cost basis and/or concentrated position).

Applicant may provide each client with a quarterly account statement containing a detailed analysis of investment holdings and a transaction summary, at the Portfolio Manager's sole discretion. Applicant intends for each Portfolio Manager to have periodic discussions regarding portfolio performance with his/her respective clients.

Item 14 - Client Referrals and Other Compensation

First Republic Bank, the parent company of Adviser, refers clients of the Bank to the Adviser and vice versa. The Adviser does not run sales contest, but encourages Bank referrals and offers recognition, awards and other prizes for Bankers who refer the most business to the Adviser.

Notwithstanding the foregoing, the Adviser reserves the right to reject any referral in its sole discretion and will only offer investment advice where it can do so in a mutually beneficial manner with the client in accordance with its fiduciary duties under the Advisers Act.

Additional Compensation

Applicant is party to referral arrangements with third party solicitors, constructed in accordance with Rule 206(4)-3 of the Investment Advisors Act of 1940, whereby third party solicitors will refer potential clients to applicant in exchange for compensation based on a percentage of advisory fees collected.

Applicant may compensate several of its employees whereby the employee, upon bringing a new client to Applicant, receives a portion of the fees paid by a new client to Applicant.

Applicant has relationships with many brokers, some of whom may refer clients on occasion. If a client is referred to Applicant by a broker, and the client wishes to retain that broker, Applicant may direct some or all of that client's brokerage to the referring broker in a directed brokerage arrangement. Clients sometimes use brokers, including affiliates, as a custodian of their portfolios in order to avoid bank trust department custodian fees and/or to receive other services such as portfolio monitoring (see Items 12A&B for more disclosure on Directed Brokerage arrangements).

Applicant receives an economic benefit by having fees waived or by not being charged for utilizing specialized investment advisor electronic information downloads, access to specialized institutional brokerage trading and customer service teams, and specialized batched statements from Charles Schwab & Co., Inc. ("Schwab") and Fidelity Investments. From these services, Applicant is then able to more efficiently and readily manage clients' accounts.

Applicant receives client referrals from Schwab through Applicant's participation in Schwab Advisor Network (the "Service"). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with the Applicant. Schwab does not supervise the Applicant and has no responsibility for the Applicant's management of clients' portfolios or the Applicant's other advice or services. Applicant pays Schwab fees to receive client referrals through the Service. Applicant's participation in the Service may raise potential conflicts of interest described below. Applicant pays Schwab a Participation Fee on all referred client accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred

to, another custodian. The Participation Fee paid by the Applicant is a percentage of the value of the assets in the client's account. The Applicant pays Schwab the Participation Fee for as long as the referred client's account remains in custody at Schwab. The Participation Fee is billed to the Applicant quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by the Applicant and not by the client. Applicant has agreed not to charge clients referred through the Service fees or costs greater than the fees or costs the Applicant charges clients with similar portfolios who were not referred through the Service.

Applicant generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client's account is not maintained by, or assets in the account are transferred from, Schwab. This fee does not apply if the client was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees the Applicant generally would pay in a single year. Thus, Applicant will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of the Applicant's clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, the Applicant will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts at Schwab.

For accounts of Applicant's clients maintained in custody at Schwab, Schwab generally does not charge the client separately for custody but receives compensation from the client in the form of commissions or other transaction-related compensation on securities trades Schwab executes for the client's account. Clients also pay Schwab a fee for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealer's fees. Thus, Applicant may have an incentive to cause trades to be executed through Schwab rather than another broker-dealer. Nevertheless, Applicant acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for Applicant's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker-dealers.

Applicant is a Separate Account Manager (SAM) for clients in the Charles Schwab MACTM Program. Under this program, a client is referred to applicant by a registered investment manager (IM) which acts as primary manager and is responsible for establishing investment objectives and guidelines for the client. Applicant, as sub-advisor, is responsible for investing client assets in accordance with the written investment policy statement. Annual fees paid to applicant for Separate Account Management services are 50 basis points, based on the fair market value of the assets. These fees, as well as additional charges for the registered investment advisor and transaction based fees paid to Schwab, are fully disclosed to the client by the Investment Manager. The minimum account size for this program is \$250,000.

From time to time, applicant will arrange for clients to come to its offices to meet with portfolio managers and staff. The purpose of these visits is to familiarize clients with policies and procedures that affect the clients' portfolios. In some cases, costs for travel and lodging are paid for by applicant, for business reasons, and are not provided as a payment for client referrals.

Applicant may direct custody to FRSC on behalf of client accounts referred by the FRB or FRB advertising and will have incentives to encourage clients to maintain custody of their accounts at FRSC.

As disclosed under Item 12 (above) Advisor ALSO participates in TD Ameritrade's institutional customer program and Advisor may recommend TD Ameritrade to Clients for custody and brokerage services. There is no direct link between Advisor's participation in the program and the investment advice it gives to its Clients, although Advisor receives economic benefits through its participation in the program that are typically not available to TD Ameritrade retail investors. These benefits include the following products and services (provided without cost or at a discount): receipt of duplicate Client statements and confirmations; research related products and tools; consulting services; access to a trading desk serving Advisor participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to Client accounts); the ability to have advisory fees deducted directly from Client accounts; access to an electronic communications network for Client order entry and account information; access to mutual funds with no transaction fees and to certain institutional money managers; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Advisor by third party vendors.

TD Ameritrade may also have paid for business consulting and professional services received by Advisor's related persons. Some of the products and services made available by TD Ameritrade through the program may benefit Advisor but may not benefit its Client accounts. These products or services may assist Advisor in managing and administering Client accounts, including accounts not maintained at TD Ameritrade. Other services made available by TD Ameritrade are intended to help Advisor manage and further develop its business enterprise. The benefits received by Advisor or its personnel through participation in the program do not depend on the amount of brokerage transactions directed to TD Ameritrade. As part of its fiduciary duties to clients, Advisor endeavors at all times to put the interests of its clients first. Clients should be aware, however, that the receipt of economic benefits by Advisor or its related persons in and of itself creates a potential conflict of interest and may indirectly influence the Advisor's choice of TD Ameritrade for custody and brokerage services.

Advisor may receive client referrals from TD Ameritrade through its participation in TD Ameritrade AdvisorDirect. In addition to meeting the minimum eligibility criteria for participation in AdvisorDirect, Advisor may have been selected to participate in AdvisorDirect based on the amount and profitability to TD Ameritrade of the assets in, and trades placed for, client accounts maintained with TD Ameritrade. TD Ameritrade is a discount broker-dealer independent of and unaffiliated with Advisor and there is no employee or agency relationship between them. TD Ameritrade has established AdvisorDirect as a means of referring its brokerage customers and other investors seeking fee-based personal investment management services or financial planning services to independent investment advisors. TD Ameritrade does not supervise Advisor and has no responsibility for Advisor's management of client portfolios or Advisor's other advice or services. Advisor pays TD Ameritrade an on-going fee for each successful client referral. This fee is usually a percentage (not to exceed 25%) of the advisory fee that the client pays to Advisor ("Solicitation Fee"). Advisor will also pay TD Ameritrade the Solicitation Fee on any advisory fees received by Advisor from any of a referred client's family members, including a spouse, child or any other immediate family member who resides with the referred client and hired Advisor on the recommendation of such referred client. Advisor will not charge clients referred through AdvisorDirect any fees or costs higher than its standard fee schedule offered to its clients or otherwise pass Solicitation Fees paid to TD Ameritrade to its clients. For information regarding additional or other fees paid directly or indirectly to TD Ameritrade, please refer to the TD Ameritrade AdvisorDirect Disclosure and Acknowledgement Form.

Advisor's participation in AdvisorDirect raises potential conflicts of interest. TD Ameritrade will most likely refer clients through AdvisorDirect to investment advisors that encourage their clients to custody their assets at TD Ameritrade and whose client accounts are profitable to TD Ameritrade. Consequently, in order to obtain client referrals from TD Ameritrade, Advisor may have an incentive to recommend to

clients that the assets under management by Advisor be held in custody with TD Ameritrade and to place transactions for client accounts with TD Ameritrade. In addition, Advisor has agreed not to solicit clients referred to it through AdvisorDirect to transfer their accounts from TD Ameritrade or to establish brokerage or custody accounts at other custodians, except when its fiduciary duties require doing so. Advisor's participation in AdvisorDirect does not diminish its duty to seek best execution of trades for client accounts.

Item 15 - Custody

The Adviser is not a qualified custodian (bank or broker-dealer) and does not generally have custody of client assets.

In those limited and incidental situations where the Adviser is deemed to have custody by virtue of its ownership by a bank and affiliation with a Trust Company (and also where Investment Adviser Representatives of the Adviser act as Trustees in their personal capacity), the Adviser is subject to a surprise audit.

Generally, an unaffiliated qualified custodian has custody of client assets and sends monthly or quarterly account statements directly to its clients.

Clients receiving such account statements directly from the broker-dealer, bank or other qualified custodian should carefully review and reconcile those statements against those sent by the Adviser.

Most, but not all of the Adviser's clients also receive quarterly account statements and market commentary from the Adviser.

Clients are strongly encouraged to compare the account statements they receive from the qualified custodian with those they receive from the Adviser.

Custody and Cash Balances - Clients of Adviser must enter into a custodial agreement with a broker-dealer, bank or trust company ("Custodian"), that acts as custodian for the Account assets in accordance with Client's instructions. Client grants authority to Adviser to enter into, on Client's behalf, custodial agreements for those investment managers or subadvisors that require specific custodians. The custody of the Account assets will be maintained with the Custodian. The Custodian will typically be responsible for settling securities transactions placed on behalf of the Client's Account by Investment Managers. Adviser will not have custody or physical control of the cash and assets in the Account and is not liable for acts or omissions of the Custodian. The Custodian and each Investment Manager and Investment Fund provide Adviser periodic reports concerning the status of the Account. The Custodian also is required to send to the Client, at least quarterly, a statement indicating all amounts dispersed from the Account (including the amount of any fee paid pursuant to Client's authorization to Adviser), all transactions occurring in the Account during the period covered by the statement and the funds, securities and other property in the Account at the end of the period.

The Custodian may offer different methods to hold cash balances in Clients' Accounts pending more permanent investment or distribution. Where available through a Custodian, cash balances held in custody may be held through the "Eagle One Sweep" program, by which the Custodian places excess cash in brokerage accounts in bank deposits at First Republic Bank, the parent company of Adviser. If authorized by the Client, Adviser may designate the Eagle One Sweep as the cash option for Client's Account and place any cash balances in Clients' Account in bank deposit accounts at First Republic Bank. Cash balances in a Client's Account may also be placed in other sweep programs offered by the

Custodian, including in bank deposits of FDIC-insured depository institutions not affiliated with Adviser, shares of money market mutual funds or held as free credit balances at the Custodian. The Custodian may change the options for holding these balances upon 30 days' prior notice to Clients.

Cash balances held through the "Eagle One Sweep" program are bank deposits eligible for FDIC-insurance up to the limits specified in the Federal Deposit Insurance Act and rules of the FDIC (in an aggregate amount with any other deposits held by the Client in the same right and capacity at First Republic Bank) and are not eligible for Securities Insurance Protection Corporation ("SIPC") coverage. Cash balances invested in money market mutual funds or held in free credit balances are not bank deposits and are not insured by the FDIC but may be eligible for SIPC coverage.

A Client may contact the Custodian and request a different sweep option for an Account if the Client does not want cash balances in its Account placed in deposit accounts at First Republic Bank."

Item 16 - Investment Discretion

Advisor shall have full discretion and authority, without obtaining the prior approval of Client: (i) to supervise and direct the investment of the Account assets; (ii) to effect any and all transactions in securities and other financial instruments (and options and other contracts thereon), and everything connected therewith in the broadest sense, including, without limitation, the incurrence of investment transaction-related expenses; (iii) to direct banks, brokers or other custodians to effect deliveries of funds or assets, but only in the course of effecting portfolio transactions for the Account; (iv) to hire, delegate discretionary investment authority to, and terminate Investment Managers and select Investment Funds for investment of the Account assets (which may include Investment Managers that are affiliated or unaffiliated with Advisor and Investment Funds managed by companies that are affiliated or unaffiliated with Advisor); (v) to allocate and reallocate Account assets among Investment Managers and Investment Funds, including registered and unregistered Investment Funds managed by affiliates of Advisor; and (vi) to make and execute all such documents and to take all such other actions as Advisor considers necessary or appropriate to carry out its duties hereunder; subject, in each case, to (A) the IPS, (B) the other terms and conditions contained in this Agreement, including, without limitation, this Section hereof in respect of ERISA/IRA Accounts (as defined below) and (C) the written limitations imposed by Client from time to time.

Item 17 - Voting Client Securities

First Republic Investment Management has adopted and implemented policies and procedures that we believe are reasonably designed to ensure that proxies are voted in the best interest of clients, in accordance with our fiduciary duties and SEC Rule 206(4)-6 under the Investment Advisers Act of 1940. Our authority to vote the proxies of our clients is established by our advisory contracts or comparable documents, and our proxy voting guidelines have been tailored to reflect these specific contractual obligations. In addition to SEC requirements governing advisers, our proxy voting policies reflect the long-standing fiduciary standards and responsibilities for ERISA accounts set out in Department of Labor ("DOL") Bulletin 94-2, 29 C.F.R. 2509.94-2 (July 29, 1994). Specifically, the DOL has issued interpretations of ERISA stating that: • The ability to vote proxies constitutes a plan asset; • Fiduciaries, in voting proxies, should determine whether the proposals will add or detract from the value of the company over the time frame of the investment; • Unless there is a clear reservation of authority to vote proxies to the trustees or named fiduciary, the investment manager will be responsible for voting; and • Investment managers can and should develop policies to aid in determining how to vote on recurring issues.

General Philosophy

First Republic Investment Management regards the proxies we hold on behalf of our clients as significant corporate assets. For the sake of efficiency, First Republic Investment Management designates a proxy voting agent to exercise our votes. Currently, EC Proxy Voting Service is our proxy voting service provider, and has been designated to execute our votes in accordance with our proxy voting guidelines. Our Proxy Voting Guidelines are designed to be responsive to the wide range of issues that can be raised in proxy situations. First Republic Investment Management has a responsibility to provide competitive rates of return to our investors, and we will generally not support resolutions that are likely to harm a company's long-term financial health. The current version our Proxy Voting Guidelines is available upon request. The following items were also taken into consideration: Client's Best Interest - all proxy matters will be conducted in the best interest of our clients. Case-by-Case Basis - each vote is ultimately cast on a case-by-case basis, taking into consideration the contractual obligations under the Investment Management agreement and all other relevant facts and circumstances at the time of the vote. (In the event a client wishes to provide direction regarding a particular vote that has been entrusted to First Republic Investment Management, such instruction must be provided by the client in writing and in a timely fashion so as to meet voting deadlines). Conflicts of Interest - any material conflicts will be resolved in the best interest of clients. (See Procedures section below for additional information) Limitations – First Republic Investment Management will take a limited role in voting proxies under the following circumstances: • No Responsibility. In situations where a client has instructed First Republic Investment Management that he/she will assume responsibility for proxy voting, First Republic Investment Management will have no involvement in voting (Note: Applicable custody banks are instructed to mail proxy material directly to clients). • Geographical Limitations on Proxy Voting All proxies will be voted for US securities. First Republic Investment Management does not generally vote shares of companies domiciled outside the US, and cannot guarantee the ability to vote shares of companies domiciled outside the US. at all times.

In many countries, proxy voting can be complicated and onerous. In some countries, for example, proxy materials are not generally available until 15 days prior to a meeting. Shareholders are thus unable to review proxy issues and company materials thoroughly. In many countries, there is no procedure for mailing in proxy votes; shareholders must attend the meeting in person in order to exercise their vote. Many countries also allow companies to engage in 'share-blocking' whereby trading company stock within a given period of time on or around a meeting date is prohibited. In most countries, the shareholder resolution process is limited and there are few investment institutions with the capacity to sponsor resolutions of interest to socially responsible shareholders.

Clients may choose to receive any or all of their proxies or other solicitations directly from their custodian or a transfer agent, and vote any or all, in their sole discretion.

Class Action Lawsuit Recoveries

For the sake of efficiency, First Republic Investment Management has engaged the services of Chicago Clearing Corporation to participate in class action shareholder lawsuits, on a best efforts basis, for securities beneficially owned by clients during relevant class action periods. Chicago Clearing Corporation earns a contingency fee of twenty percent (20%) of all monies recovered for clients through the filing and administration of class action lawsuit claims. Clients may choose to track their holdings versus relevant shareholder class action lawsuits, opt in or out and/or complete the paperwork instead and in lieu of Chicago Clearing Corporation, in their sole discretion.

Item 18 - Financial Information

The Adviser is a wholly owned subsidiary of First Republic Bank, a publicly traded company the balance sheet of which is publicly available.

The Adviser does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore a balance sheet of the Adviser is not required to be disclosed.

The Adviser has no financial condition to disclose that is reasonably likely to impair your ability to meet contractual commitments to clients at this time.

The Adviser has not been the subject of a bankruptcy petition at any time during the past ten years, and is no longer affiliated with either The Bank of America or Merrill Lynch.