



MARSICO CAPITAL MANAGEMENT®

FORM ADV PART 2A FIRM BROCHURE

March 28, 2014

This brochure (“brochure” or “Part 2A”) for clients and prospective clients of Marsico Capital Management, LLC (“MCM”) provides information about the qualifications and business practices of MCM. If you have any questions about the contents of this brochure, please contact us at 303-454-5600 or compliance@marsicocapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

MCM’s street address, website, and telephone number are:

Marsico Capital Management, LLC
1200 17th Street, Suite 1600
Denver, Colorado 80202-5824
Phone: 303-454-5600

www.marsicocapital.com

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

Item 2. Material Changes

This brochure dated March 28, 2014 serves as an update to the annual brochure dated April 1, 2013. While there have been no material changes to the April 1, 2013 brochure, we have made certain routine updates and enhanced certain disclosure, including:

- Enhancing the discussion of wrap fee programs in Item 4 and adding discussion of the concentrated Select Alpha Growth strategy to Items 4, 5, and 8.
- Updating Item 8 regarding investment risks relating to certain investments including derivatives.
- Updating Item 10 regarding certain business relationships and registered investment company clients.
- Clarifying Item 11 regarding participation in investments by related persons and syndicated offerings.
- Supplementing Item 12 regarding mixed use arrangements and broker commissions.
- Supplementing Item 13 regarding class actions and opt-out or opt-in actions.
- Supplementing Item 15 regarding custody and receipt of settlement amounts.
- Updating and condensing Item 18 relating to financial information.

MCM has not made other material changes to Part 2A of Form ADV since the annual update dated April 1, 2013.

This brochure may be accompanied by Part 2B of Form ADV consisting of brochure supplements describing MCM's portfolio managers, or Part 2B may be issued separately. Minor updates to dates and similar matters have been made to Part 2B as of March 28, 2014.

Item 3. Table of Contents

<u>Item</u>	<u>Page</u>
Item 2. Material Changes	2
Item 3. Table of Contents	3
Item 4. Advisory Business	4
Item 5. Fees and Compensation	9
Item 6. Performance-Based Fees and Side-By-Side Management	13
Item 7. Types of Clients	13
Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.....	14
Item 9. Disciplinary Information.....	27
Item 10. Other Financial Industry Activities and Affiliations	27
Item 11. Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading	29
Item 12. Brokerage Practices	35
Item 13. Review of Accounts.....	52
Item 14. Client Referrals and Other Compensation	56
Item 15. Custody	57
Item 16. Investment Discretion	58
Item 17. Voting Client Securities	59
Item 18. Financial Information.....	61
Item 19. Requirements for State-Registered Advisers	62

Item 4. Advisory Business

Description of MCM

MCM is an independent investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). MCM manages growth equity and other assets for diverse institutional and individual clients, as described further below. The assets in which MCM invests include common stocks and other investments that MCM believes may offer compelling potential for long-term capital appreciation.

MCM’s clients include mutual funds, variable annuity funds, offshore and private funds, collective investment and common trust funds, corporate retirement plans, endowments, foundations, tax-exempt and charitable institutions, Taft-Hartley plans, wrap account programs, retirement accounts, and other institutions and individuals as described further in **Item 7: Types of Clients**.

Founded by Thomas F. Marsico in 1997, MCM is an independent firm owned by its management through a parent company structure. MCM was an affiliate of Bank of America Corporation (“BofA”) from 1999 to 2007. In a 2007 repurchase transaction, a company controlled by MCM’s management repurchased MCM from a subsidiary of BofA.

Principal Owners of MCM

MCM is a direct, wholly-owned subsidiary of Marsico Subco, LLC (“Subco”), which is a direct, wholly-owned subsidiary of Marsico Holdings, LLC (“Holdings”). Holdings, in turn, is owned by Marsico Group, LLC (“Group”) and by third parties. Group controls Holdings as its managing member, holds 100% of the voting rights in Holdings, and owns approximately 38% of the equity interests of Holdings, the largest block of equity interests held by any single entity.

Group, in turn, is owned by MCM management, including certain MCM employees and their family interests. The principal owner and managing member of Group is a partnership controlled by Tom Marsico, MCM’s founder, Chief Executive Officer, and Chief Investment Officer. Through the partnership’s control of Group, the partnership retains 100% of voting rights and control over the ongoing management and day-to-day operations of Holdings and its subsidiaries, including MCM.

The remaining equity interests of Holdings not held by Group are held by third parties including senior lenders to Holdings, holders of subordinated notes issued by Holdings, and other investors including Tom Marsico. Because equity interests in Holdings do not include voting rights, they are not considered voting securities under pertinent securities laws, and third-party owners of interests in Holdings are not affiliated persons of Holdings or its subsidiaries, including MCM. Equity interests in Holdings may be privately transferred subject to applicable agreements and securities laws.

None of MCM’s affiliated companies are public companies, broker-dealers, or investment advisers, are substantially involved in MCM’s day-to-day business operations, or are otherwise significant for regulatory purposes.

Subco owns one other company in addition to MCM, Marsico Fund Advisors, L.L.C. (“MFA”). MFA serves as the general partner to a private limited partnership for MCM employees which MCM serves as investment adviser. MFA does not receive compensation for serving as general partner, and does not act as an investment adviser to any person.

Types of Advisory Services Provided by MCM

As noted above, MCM manages growth equity and other assets, including common stocks and other investments that are believed to offer long-term growth potential, for diverse institutional and individual clients.

As discussed further in **Item 8: Methods of Analysis, Investment Strategies and Risk of Loss**, the primary strategies through which MCM invests client portfolios in growth equity assets currently consist of:

- Focused Growth
- Diversified Growth
- Select Alpha Growth
- All Cap Growth
- International Growth
- Global Growth
- Flexible Capital

MCM seeks to accommodate reasonable client-specified guidelines and restrictions, and may invest accounts based on modifications of these strategies for particular clients.

As discussed further in Item 8 below, MCM primarily uses top-down and bottom-up fundamental methods of analysis in implementing its growth equity investment strategies for accounts it advises or sub-advises on behalf of clients. As further explained in Item 8, while MCM invests primarily in equity securities, it may hold a broad variety of other securities and investments for clients.

MCM does not generally manage portfolios based on alternative strategies such as quantitative, asset allocation, long-short, risk-neutral, absolute return, or similar strategies, and does not manage portfolios that invest significantly in derivatives, swaps, commodities, commodity futures, options on commodities, or “socially responsible” investment mandates. MCM does not hold itself out as a commodity trading adviser, and any commodity interest trading advice that MCM may offer is incidental to its business of providing investment advice primarily relating to securities.

MCM does not use quantitative filters or screens to develop its universe of investable securities. MCM also does not utilize optimization techniques in portfolio construction, or target tracking error levels, standard deviations, or other such metrics in managing client portfolios.

Investment Companies and Private Accounts

U.S. registered investment company clients served by MCM are identified below in **Item 10: Other Financial Industry Activities and Affiliations**. MCM also may provide services to unregistered investment companies, common trust funds, collective investment schemes, and

pooled investment vehicles based in the United States or foreign countries. MCM may provide services to an entire fund or portfolio or to one sleeve of a fund or portfolio. MCM also serves as investment adviser to a private limited partnership for MCM employees.

MCM's advisory services to these clients are generally negotiated with each fund or portfolio or, in those instances in which MCM acts as sub-adviser, the principal investment adviser to the fund or portfolio, and the arrangements are approved by fund boards. The prospectus or other disclosure document for each fund or portfolio typically provides information about advisory or sub-advisory services provided by MCM.

With respect to non-fund clients ("Private Account" clients) such as corporate retirement plans, endowments, foundations, tax-exempt and charitable institutions, Taft-Hartley plans, wrap account programs, retirement accounts, and other institutions and individuals, MCM generally provides services to these clients through separately managed accounts for each of them.

Wrap Fee Programs

MCM also provides investment management services to wrap fee programs by serving as investment manager (or as sub-adviser to the manager) of wrap participant accounts or model portfolios. MCM does not sponsor any wrap fee programs.

In a typical separately managed account ("SMA") wrap fee program, the sponsor (typically a broker-dealer or its affiliated advisory firm) provides a bundle of services to client participants in return for a single fee paid to the sponsor that "wraps" around the various services. The services typically include assisting the participant in selecting one or more investment managers such as MCM that can implement investment strategies based on participant investment objectives, overseeing the services provided to the participant by each investment manager, paying each investment manager its management fee, and facilitating the execution of most portfolio trades through the sponsor or its brokerage affiliate.

In other wrap programs known as unified managed account ("UMA") programs, the sponsor assumes a more active role in managing client portfolios using recommendations from investment managers. UMA program clients receive investment management services from the sponsor rather than directly from investment managers, while the sponsor receives services from the investment managers. More specifically, in UMA arrangements, an investment manager such as MCM provides ongoing investment recommendations to the sponsor (or an overlay manager it appoints) in the form of a model portfolio, and provides regular updates to the model portfolio. The sponsor or overlay manager implements the manager's recommendations for clients, most commonly by blending models provided by multiple investment managers to create and manage portfolios deemed suitable for clients. The sponsor or overlay manager also typically originates and implements most trades for UMA portfolios. MCM generally has conditional trading authority for UMA assets.

MCM serves as investment manager to various wrap programs including UMA programs. In those cases, an unaffiliated investment manager, Columbia Management Investment Advisers, LLC ("CMIA"), a registered investment adviser that is affiliated with Ameriprise Financial, Inc., typically provides administrative services to MCM and each program. For certain SMA programs, MCM may serve as a sub-adviser to CMIA, which may contract directly with the wrap program sponsor to serve as investment manager, while also providing administrative

services. (See response to **Item 10: Other Financial Industry Activities and Affiliations**, for more information on MCM's relationship with CMIA.)

In either type of arrangement, MCM performs certain investment services as manager or sub-adviser, such as maintaining and providing a model portfolio, and may assist in certain trades such as large purchases or sales resulting from substantial changes in the model. CMIA, as administrative service provider, provides services such as monitoring accounts and facilitating trades for SMA program accounts in conformity with the model portfolio. MCM generally has conditional trading authority for UMA assets.

CMIA (with the help of other service providers) also typically performs other important client administrative services such as reviewing new account information, reviewing suitability matters based on participant profiles provided by wrap account sponsors, communicating with wrap account sponsors and clients, providing relevant disclosure information including MCM's Form ADV Part 2, maintaining account files, monitoring security and cash levels in participant accounts, making routine trades to generally conform accounts where possible to a model portfolio, rebalancing accounts with cash flows, monitoring accounts for reasonable client restrictions, trade reconciliation, and handling other compliance and recordkeeping responsibilities.

MCM, through CMIA, makes itself reasonably available for consultation with the sponsor and the participant or its representative, and considers reasonable participant account restrictions and other factors to facilitate the provision of individualized investment management services. MCM reserves the right, in its sole discretion, to reject any SMA wrap fee account for any reason, including, but not limited to, the participant's specific investment goals or account restrictions.

Wrap fee programs may offer certain advantages to participants, such as enabling smaller clients to obtain the services of selected investment managers in buying individual stocks for accounts that would typically be too small to be managed as Private Accounts, and providing other services such as the monitoring and oversight of investment managers, the execution of trades for accounts, and the maintenance of custody of portfolio securities. Participants should be aware, however, that wrap account fee rates may at times be higher than the fee rates that other accounts might pay to retain MCM's services directly if such accounts met minimum thresholds. The sponsor of the wrap program, not MCM, generally sets the level of all fees and determines the services to be provided to participants through the wrap program.

Due to the structure of most wrap fee programs, which require the sponsor and multiple service providers to perform various functions in serving many participants, MCM generally is not in a position to provide the same comprehensive client relationship services to wrap participants that it is able to provide to other clients, including Private Accounts.

Wrap fee program participants may impose reasonable investment-related restrictions on the management of their accounts, which may be implemented by the sponsor and potentially CMIA for SMA programs, or by the sponsor or overlay manager for UMA programs. Participants who impose multiple restrictions on the nature or type of securities held by their accounts should be aware that because MCM follows a relatively concentrated strategy under which it selects a limited number of core equity holdings, MCM believes that substituting other securities for restricted core holdings may not be desirable. For this reason, MCM generally holds cash or

cash equivalents to fill any portion of a wrap account that participant restrictions prevent from being invested in one or more of the core equity holdings selected by MCM. As a result, an account subject to participant restrictions may hold a higher percentage of cash or cash equivalents compared to other accounts that are not so restricted, while paying the same wrap fee as an unrestricted account, which could have a negative (or positive) effect on the investment performance of a restricted wrap fee account compared to a similar account without significant investment restrictions.

MCM typically formulates model portfolios to assist in directing the purchase or sale of similar securities for multiple wrap program participants who select MCM as sub-adviser or investment manager. An MCM portfolio manager or other member of MCM's investment or trading staff designated by a portfolio manager generally makes portfolio management decisions for model portfolios based on relevant investment and trading considerations. .

As described further below in **Item 12: Brokerage Practices**, in SMA programs, MCM or CMIA generally are expected by wrap program sponsors and participants to transmit most trades for each wrap program to the sponsor or the broker designated by the sponsor for execution, but may execute trades with another broker in limited circumstances, such as when MCM believes that temporary opportunities may be available through a different broker. (MCM generally has conditional trading authority for UMA assets.) The quality of trade executions for wrap programs may vary substantially, as described further in **Item 12: Brokerage Practices**.

Wrap fee programs to which MCM provides investment management services directly or indirectly (as sub-adviser to CMIA) include, without limitation:

- ACCESS, sponsored by UBS Financial Services, Inc.
- Consulting Group Select UMA, sponsored by Morgan Stanley Smith Barney, LLC
- Fiduciary Services, sponsored by Morgan Stanley Smith Barney LLC
- Managed Account Access, sponsored by Charles Schwab & Co., Inc.
- Managed Account Select, sponsored by Charles Schwab & Co., Inc.
- Merrill Lynch Consults, sponsored by Merrill Lynch, Pierce, Fenner & Smith Incorporated
- Merrill Lynch Investment Advisory Program, sponsored by Merrill Lynch, Pierce, Fenner & Smith Incorporated
- Merrill Lynch Unified Managed Account, sponsored by Merrill Lynch, Pierce, Fenner & Smith Incorporated
- Strategic Wealth Portfolios Program, sponsored by UBS Financial Services, Inc.

For its services as sub-adviser to CMIA or as investment manager to wrap fee programs, MCM receives a fee that generally constitutes a portion of the fees charged by the sponsor to program participants for all program services. The amount of the fee paid to MCM depends upon factors that include, without limitation, whether MCM or CMIA serve the broad needs of SMA program participants or provide model portfolios and limited trading assistance to UMA sponsors, the size of the program, the management style selected, and the nature and extent of the services performed by the sponsor.

Assets Under Management

As of February 28, 2014, MCM managed approximately \$17.6 billion on behalf of discretionary and non-discretionary* accounts.

*Total assets include approximately \$1.3 billion (as of 2/28/14) of UMA assets as MCM provides investment recommendations and generally has conditional trading authority.

Item 5. Fees and Compensation

As noted in **Item 4: Advisory Business** and **Item 7: Types of Clients**, MCM serves as investment adviser or sub-adviser for diverse institutional and individual clients. A significant portion of MCM's clients are registered investment companies such as U.S. registered mutual funds. Other clients include variable annuity funds, common trust funds, collective investment schemes, unregistered investment companies, and pooled investment vehicles based in the United States or in foreign countries.

In serving these fund clients, MCM negotiates fees for its advisory services with each fund or portfolio or, in those instances in which MCM acts as sub-adviser, the principal investment adviser to the fund or portfolio, and the arrangements are approved by fund boards. The prospectus for each fund or portfolio typically provides information about fees generally payable by the fund or portfolio or its principal investment adviser, and other matters.

For non-fund Private Account clients such as corporate retirement plans, endowments, foundations, tax-exempt and charitable institutions, Taft-Hartley plans, retirement accounts, and other institutions and individuals, the following standard fee schedules generally apply, subject to exceptions negotiated at MCM's discretion:

Domestic Equity Account (includes large-cap Focused Growth and Diversified Growth strategies, and the All Cap Growth strategy):

For assets up to \$5,000,000:

First \$1,000,000	2.0% per annum
Next \$2,000,000	1.5% per annum
Next \$2,000,000	1.0% per annum

For assets between \$5,000,000 - \$100,000,000:

First \$50,000,000 (including first \$5,000,000)	0.75% per annum
Next \$50,000,000	0.65% per annum

For assets over \$100,000,000:

First \$300,000,000 (including first \$100,000,000)	0.50% per annum
Next \$100,000,000	0.45% per annum
Next \$100,000,000	0.40% per annum
Over \$500,000,000	Negotiable

Select Alpha Growth Account:

For assets up to \$100,000,000:

First \$100,000,000 1.50% per annum

For assets over \$100,000,000:

First \$100,000,000 1.50% per annum

Over \$100,000,000 1.00% per annum

Flexible Capital Account:

For assets up to \$100,000,000:

First \$25,000,000 0.85% per annum

Next \$25,000,000 0.75% per annum

Next \$50,000,000 0.65% per annum

For assets over \$100,000,000: Negotiable

International Growth Account:

For assets up to \$100,000,000:

First \$50,000,000 0.85% per annum

Next \$50,000,000 0.75% per annum

For assets over \$100,000,000:

First \$300,000,000 (including first \$100,000,000) 0.60% per annum

Next \$100,000,000 0.55% per annum

Over \$400,000,000 Negotiable

Global Growth Account:

For assets up to \$100,000,000:

First \$50,000,000 0.75% per annum

Next \$50,000,000 0.65% per annum

For assets over \$100,000,000:

First \$300,000,000 (including first \$100,000,000) 0.55% per annum

Next \$100,000,000 0.50% per annum

Over \$400,000,000 Negotiable

Calculation of Fees

Private Account clients typically are expected to pay fees to MCM quarterly in arrears, generally within 30 days after receipt of a fee invoice. MCM or a third party selected by the client, such as the client's custodian, determines the value of the account on pertinent dates and calculates the fees, typically making a separate calculation for each month during the quarter. The parties generally use the market value of the Private Account on the last business day of the month as the baseline for the fee calculation for that month.

MCM generally pro-rates the first and last month's fees based upon the number of days the Private Account was open during that month. To minimize computational complexity, MCM generally does not pro-rate fees to take into consideration contributions or withdrawals of account assets during a single billing period.

Consistent with Rule 205-3 under the Investment Advisers Act of 1940, as amended ("Advisers Act"), MCM or its affiliates may negotiate performance-based fees with certain Private Accounts or other accounts, as reflected in their advisory contracts. MCM does not currently receive any performance fees for management of accounts, but may negotiate such fees with certain clients in the future.

MCM generally does not formally calculate the value of mutual fund portfolios it advises or sub-advises or the fees payable to MCM for serving those portfolios. Instead, those calculations are made by each mutual fund's independent custodian or fund accountant, based on market prices for portfolio securities that are obtained from independent pricing services in accordance with each fund's own pricing policies.

Other Types of Fee Arrangements.

MCM provides investment advisory services to certain clients that use MCM model portfolios in managing their own clients' portfolios. MCM typically provides a model portfolio to the client and the client manages its own clients' accounts based on the model and executes related trades. In return for its services in providing model accounts, MCM is paid a fee based on an annual percentage of the total assets of accounts managed in accordance with MCM's recommendations. Fees charged to wrap account clients are discussed further in Item 4 above.

Special Fee Arrangements. MCM reserves the right, in its sole discretion, to negotiate and to charge different fees not specified herein. Such fees may be charged for certain accounts based on, without limitation, the client's particular needs and service requirements, the nature and size of the investment mandate, the nature and size of MCM's overall relationship with the client, overall financial conditions, investment goals, risk tolerance, restrictions, and other factors for existing, new, special, or additional services that may not be fully described herein.

Direct Billing Compared to Direct Fee Deduction. Clients may elect to be billed for fees, or may instead expressly authorize MCM to instruct the client's custodian to periodically deduct the agreed-upon investment advisory fees directly from the client's account and pay the fees to MCM. For more information on direct fee deduction arrangements, please refer to **Item 15: Custody** below.

Other Account Fees and Expenses. MCM's fees do not include brokerage commissions, spreads, transaction fees, and other related costs and expenses that are typically paid directly by each client account. Clients also may incur other fees or expenses charged to client accounts by other service providers such as custodians, fund administrators, fund transfer agents, ERISA plan administrators, other investment advisers selected by the client, fees associated with the execution of foreign currency transactions, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and fees and taxes on brokerage accounts and securities transactions. Such charges, fees and commissions are outside MCM's control, and MCM does not receive any portion of them.

MCM is not affiliated with any broker-dealer. Neither MCM nor any of its supervised persons receives direct compensation for the sale of securities or other investment products to clients, such as asset-based sales charges or service fees from the sale of mutual funds. The factors that MCM may consider in selecting or recommending broker-dealers for client transactions and evaluating the reasonableness of broker compensation are discussed further in **Item 12: Brokerage Practices** below.

Pricing of Portfolio Securities

When MCM is responsible for calculating its fees charged to a client account, each fee calculation is intended to conform to the written fee schedule in the advisory agreement between MCM and the client, as well as MCM's valuation policies and procedures. A key component of fee calculations is the calculation of the market value of portfolio securities in an account. When MCM is responsible for calculating market value, MCM prices assets in good faith consistent with applicable policies and procedures. Because clients compensate MCM on the basis of the value of assets held in client accounts, MCM may be deemed to have a potential incentive to set a high market valuation for each security. MCM values all securities in good faith and does not knowingly use valuations that are higher than the security's fair value.

As a general matter, MCM relies on securities and other financial instrument prices provided by independent pricing services. Pricing services occasionally provide inaccurate prices because of factors including, but not limited to, technical glitches, a closing price or quotation representing an earlier or less reliable value, or a market aberration. MCM may choose to override a price provided by an independent pricing service when it believes the price provided is not representative of a security's current market value, or when more reliable prices may be available from other sources such as other pricing services or broker-dealers. As discussed further below under "Fair Valuation of Portfolio Securities," MCM also may fair value price a security when reliable market quotations are not readily available or for other reasons.

Fair Valuation of Portfolio Securities

MCM may fair value price a security or other asset in a Private Account or other client account (or suggest that a mutual fund client use fair valuation procedures) in certain circumstances such as when reliable market quotations for a portfolio security are not readily available, when MCM has reason to believe that a market price provided by an independent pricing service may be stale or unreliable, or for other reasons. This may occur, for example, when a newly-issued security has not yet begun to trade on public markets; when a security ceases to trade for a limited time; when a security is illiquid, thinly traded, or otherwise difficult to value; when a corporate action is announced; when substantial market volatility raises questions about the reliability of previously-determined closing market quotations for foreign securities, or upon the occurrence of a significant event believed to affect the price of a particular security or securities.

MCM uses its good faith judgment to make determinations such as whether a valuation is not readily available or is unreliable, whether markets have been volatile, or whether a significant event has occurred, and to determine fair value prices for securities affected by such factors. Although MCM uses its best efforts in valuing such securities, determining the market value of a security at a given time is an inherently subjective exercise, and MCM's judgment could, in hindsight, prove to be incorrect at times.

When fair value pricing appears necessary, MCM prices securities and other assets in good faith consistent with its applicable policies and procedures. MCM generally convenes its Pricing Review Committee to assist it in pricing such securities. Among other possible approaches, MCM may seek to determine in good faith the price that a seller might reasonably expect to receive in an arm's-length transaction, or consider other valuation approaches. MCM may use a variety of methodologies based on its own analysis, or rely on third-party service providers such as pricing services, broker-dealers that have agreed to make a market in the shares, or specialized trading markets for securities to assist it in determining fair valuations. A few examples of the many factors that may be considered include the nature and type of security or asset, the marketplace(s) in which it trades, other securities or benchmarks that share common characteristics, the pricing and trading history, if any, of the security and similar instruments, and other factors such as discounted cash flows. MCM also may take other actions deemed appropriate in the circumstances by members of its Pricing Review Committee.

Fair value pricing is an inexact process intended to yield a good faith estimate or approximation of the current value of an asset, and cannot be guaranteed to reflect the precise actual or empirical value of any asset as determined with the benefit of hindsight. Determining the value of a security at a given time is highly subjective, price adjustments could prove incorrect in direction or magnitude, and the value received upon the sale of a security may differ from the value assigned to the security. For example, the fair value assigned to an asset typically may not match the next available reliable market price, the price at which that asset could have been sold, the cost paid for the asset, or the proceeds realized by an account upon the disposition of the asset. Further, the fair value may not reflect certain developments that may occur prior to the next day's opening price.

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

MCM does not currently receive any performance fees for management of accounts, but reserves the right to negotiate such fees with clients in the future.

Item 7. Types of Clients

As discussed in **Item 4: Advisory Business**, MCM manages growth equity assets as an investment adviser or sub-adviser for diverse institutional and individual clients. MCM's clients include mutual funds, variable annuity funds, other pooled investment vehicles including domestic and offshore funds, collective investment funds, common trust funds, corporate retirement plans, endowments, foundations, tax-exempt and charitable institutions, Taft-Hartley plans, unified and separately managed wrap account programs, retirement accounts, and other institutions and individuals.

Regarding account size, MCM prefers a minimum initial investment of \$100 million to establish a new separately managed account in its Select Alpha Growth strategy, and \$50 million to establish an account in its Focused Growth, Diversified Growth, All Cap Growth, Global Growth, or International Growth strategies, but MCM will consider smaller amounts in its discretion. The minimum initial investment for a new separately managed account in MCM's Flexible Capital strategy is \$10 million. Different thresholds may apply to investment companies and wrap program sponsors.

MCM may waive these minimum account size requirements in its sole discretion on a case-by-case basis. MCM reserves the right to decline to accept any new client or to decline to continue to provide investment advisory services to any existing client for any reason.

Regarding wrap account programs, minimum investments or minimum account values required to engage MCM as a manager (or sub-adviser to CMIA) vary from one program sponsor to another. In certain circumstances, these minimum requirements may be lower than or exceed general program minimums imposed by the relevant sponsor. MCM generally does not retain the authority to waive sponsor-imposed minimums.

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

Investment Strategies

Primary Strategies. As discussed in **Item 4: Advisory Business**, MCM invests client portfolios in growth equity and other assets, including common stocks and other investments believed to offer long-term growth potential. The primary strategies through which MCM invests client portfolios currently consist of:

- Focused Growth
- Diversified Growth
- Select Alpha Growth
- All Cap Growth
- International Growth
- Global Growth
- Flexible Capital

MCM seeks to accommodate reasonable client-specified guidelines and restrictions, and may modify these strategies for particular clients.

As discussed further below, MCM primarily uses top-down and bottom-up fundamental methods of analysis in implementing its strategies.

As noted in Item 4, MCM does not generally manage portfolios based on alternative strategies such as quantitative, asset allocation, long-short, risk-neutral, absolute return, or similar strategies, and does not manage portfolios that invest significantly in derivatives, swaps, commodities, commodity futures, options on commodities, or “socially responsible” investment mandates.

MCM does not use quantitative filters or screens to develop its universe of investable securities. MCM also does not utilize optimization techniques in portfolio construction, or target tracking error levels, standard deviations, or other such metrics in managing client portfolios.

Investment Universe. MCM's investment strategies involve buying and selling U.S. and foreign growth equity securities of companies based in countries around the world. MCM's equity investment universe may at times include as many as 700 large-cap and mid-cap companies and selected small-capitalization companies.

Core Investments. MCM's investment approach emphasizes factors such as the selection of what it believes are stocks of high-quality companies with compelling potential for long-term capital appreciation. The core investments of a client portfolio (*i.e.*, the primary investments held by the account over time) generally may include common stocks of established companies expected to offer long-term growth potential. However, client portfolios also may typically include securities of less mature companies, securities with more aggressive growth characteristics, and securities of companies undergoing significant positive developments, such as the introduction of a new product line, a new management team, or an acquisition. MCM's investment strategies also may consider whether a particular security or other investment potentially offers current income.

Other Investments. MCM may purchase other types of financial instruments on behalf of its clients, including, but not limited to, convertible securities, preferred stocks, index-linked securities, equity-linked, credit-linked, and commodity-linked securities, investment company securities, including exchange-traded funds, exchange traded notes or unit investment trusts, private placements, closed-end funds, obligations issued or guaranteed by domestic or foreign governments, Real Estate Investment Trusts ("REITs"), mortgage-backed and other asset-backed securities, other pass-through securities, participation interests, trust-preferred securities, high-yield securities, money market or similar cash equivalent instruments including, but not limited to, discount notes or other obligations of federal agencies or government-sponsored enterprises, commingled short-term investment funds, bankers' acceptances, repurchase and reverse repurchase agreements, straight coupon securities, strip bonds, zero coupon securities, paid-in-kind, step coupon, or variable and floating rate obligations, standby commitments, tender option bonds, inverse floaters, industrial development bonds, municipal lease obligations, Eurodollar and Yankee dollar debt obligations, Brady bonds, foreign debt securities, foreign currencies, margin transactions, forward contracts (including forward currency contracts), options, options on futures, options or futures relating to currencies, single stock futures and narrow-based index futures, rights, warrants, swaps, including interest rate swaps, and swap-related products, hybrid instruments, indexed/structured securities, depositary or custodial receipts or shares evidencing ownership of an underlying domestic or foreign security (*e.g.*, HOLDRs, American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), or European Depositary Receipts), tangible dividend enhanced common stock, foreign investment funds or trusts, passive foreign investment companies, and securities not readily marketable.

Securities may be purchased on a when-issued, delayed delivery, or forward basis. Although it is not a principal investment strategy of the firm and such transactions occur infrequently, MCM may sell "short" a security in certain situations, such as, without limitation, when it may be desirable to hedge a similar long position also held in a portfolio.

MCM may invest in the securities of issuers organized under state laws as publicly traded partnerships or master limited partnerships (collectively referred to as "MLPs"). These entities are limited partnerships that are publicly traded on stock exchanges or markets such as the NYSE, NYSE Arca, Inc., NYSE MKT LLC, and NASDAQ. MLPs often own businesses or properties relating to the energy, natural resources, financial services, private equity, and real

estate industries. MCM may also invest client assets in limited liability companies that may or may not trade on public markets.

MCM may invest on behalf of clients in securities offered in syndicated initial public offerings (“IPOs”) or syndicated secondary or follow-on offerings (together with IPOs, “syndicated offerings”). Because securities issued in many syndicated offerings are often priced at a discount to market value, opportunities to purchase shares in such offerings are often limited, and these securities might be suitable for more than one of MCM’s investment strategies, potential conflicts of interest may arise in the allocation of such opportunities. As discussed more fully in response to **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading** below, MCM follows an allocation policy that generally seeks to ensure that over the long term, each eligible client with the same or similar investment objectives will receive an equitable opportunity to participate meaningfully in the syndicated offerings in which MCM participates, and that no eligible client will be unfairly disadvantaged, subject to certain limitations discussed in Item 11 below.

General Approach to Portfolio Management. MCM’s trading strategies rely primarily on investing in growth equity securities and other investments with the expectation that their value will rise over time. MCM usually seeks to invest for the long term, purchasing securities for client accounts with the intention of holding those securities until the expected earnings growth has materialized or expectations have changed. This may result in holding a security in a client portfolio for a year or more.

Changes in macroeconomic conditions or company-specific considerations can prompt MCM to sell a security sooner than originally planned. MCM may purchase and sell a security within a very short period of time, if the portfolio manager(s) determines in his/her judgment that doing so is in the best interests of the account(s). MCM may reduce or sell an investment if, in its opinion, the security reaches MCM’s price target, its fundamentals change substantially, its price appreciation leads to overvaluation in relation to MCM’s estimates of future earnings and cash flow growth, or for other reasons.

Cash management is not a fundamental aspect of MCM’s investment management approach, and cash levels in client accounts are typically a residual of the security selection process. MCM may temporarily increase cash levels in defensive situations, as permitted by client guidelines.

Methods of Analysis

MCM primarily uses top-down and bottom-up fundamental methods of analysis in implementing growth equity investment strategies for client accounts it advises or sub-advises.

Top-Down Analysis. In selecting investments for a client’s account, MCM uses an approach that combines “top-down” macro-economic analysis with “bottom-up” security selection. The “top-down” approach, which forms the strategic backdrop for security selection, may take into consideration macro-economic factors such as, without limitation, interest rates, inflation, monetary policy, fiscal policy, currency movements, demographic trends, the regulatory environment, and the global competitive landscape. MCM also may examine other factors that may include, without limitation, the most attractive global investment opportunities, industry consolidation, and the sustainability of financial trends. Through this “top-down” analysis,

MCM seeks to identify sectors, industries and companies that may benefit from the overall trends MCM has observed.

Bottom-Up Analysis. MCM then looks for individual companies or securities that are expected to offer earnings growth potential that may not be recognized by the market at large. In determining whether a particular company or security may be a suitable investment, MCM may focus on any of a number of different attributes that may include, without limitation, the company's specific market expertise or dominance; its franchise durability and pricing power; solid corporate fundamentals (*e.g.*, a strong balance sheet, improving returns on equity, the ability to generate free cash flow, apparent use of conservative accounting standards, and transparent financial disclosure); strong and ethical management; commitment to shareholder interests; reasonable valuations in the context of projected growth rates; current income; and other indications that a company or security may be an attractive investment prospect. This process is called "bottom-up" security selection.

As part of its fundamental, "bottom-up" research, MCM often visits with a company's management and conducts other research in order to gain as complete an understanding of the company as possible. MCM also prepares detailed earnings and cash flow models of some companies. These models may assist in projecting potential earnings growth and other important company financial characteristics under different scenarios. Each model is typically customized to follow a particular company and is generally intended to replicate and describe a company's past, present and potential future performance. The models may include quantitative information and detailed narratives that reflect updated interpretations of corporate data and company and industry developments. These models "deconstruct" a company product-by-product and division-by-division in order to gain as complete an understanding as possible of a stock's leverage points. The models include a variety of fundamentally driven investment considerations, including: valuation, expected growth rate, slope of the growth curve (*i.e.*, the second derivative of growth), profit margins, sales growth, etc. Models are reviewed on an ongoing basis and may be adjusted for different market conditions.

Sources of Information. Some of the primary sources of information that MCM uses to evaluate securities include intensive, fundamental hands-on analysis, such as compiling and reviewing data that may in some circumstances include factors such as container shipments, railroad volumes, beer consumption, advertising spending, credit card and mortgage delinquency trends, hotel occupancies and average room rates, shopping mall traffic, meetings with corporate management and others, company annual reports, prospectuses, filings with the SEC and company press releases and other corporate statements, internal earnings and cash flow models, general market commentary and analysis, more granular research materials prepared by others, financial newspapers and magazines, or other information sources.

Material Risks Associated with MCM's Investment Strategies and Methods of Analysis

Investing in equity securities and similar investments involves the risk of loss, and clients and investors should be prepared to bear that risk. Investors should consider their investment goals, time horizon and risk tolerance before investing in the types of securities and other investments that MCM invests in on behalf of its clients. MCM does not guarantee that any client account will meet a particular level of performance or perform comparably with any standard or index.

Investing in equity securities and similar investments can be riskier than other types of investments, including U.S. government securities, certain types of corporate debt obligations, bank certificates of deposits, certain money market investments, and other financial instruments. Further, investments in growth equity securities or any similarly specific investment strategy do not represent complete investment programs. The investment portfolios advised or sub-advised by MCM are not guaranteed by any agency or program of the U.S. government or by any other person or entity. MCM's investment portfolios are intended primarily for long-term investors who hold their investments for substantial periods of time. Investors have lost money investing in the types of securities that MCM buys and sells for clients and could lose money in such investments in the future.

This brochure discusses certain risks of investing in separate accounts managed by MCM. More information about the risks of investing in related products such as The Marsico Investment Fund, a registered open-end investment company that consists of six separate portfolios (the "Marsico Funds"), are described in documents such as the Marsico Funds prospectus and statement of additional information, which can be viewed online at www.marsicofunds.com.

Some of the specific risks associated with MCM's investments in growth equity securities include, but are not limited to, the risks associated with domestic and foreign economic growth and market conditions, interest rate levels, credit conditions, the solvency of issuers such as governments and companies, currency fluctuations, volatility, and political events. There is a risk that MCM will not accurately predict the applicability or impact of these and other factors on markets or investments, and, as a result, MCM's investment decisions may not accomplish what they were intended to achieve. These risks may be elevated during certain periods, including periods in which the values of equity securities are highly correlated with one another. During these periods, the value of investment strategies based on individual stock selection may be perceived to be lower and investment outperformance may be more difficult. At times, investment portfolios advised or sub-advised by MCM may not perform as well as relevant benchmark indices or peer funds.

The value of equity securities also may be influenced by changes in investor sentiment, such as perceptions as to whether investments in growth equity assets provide attractive returns in the context of the risks being assumed. At times, negative sentiment and adverse perceptions of certain investments may predominate, stock price-earnings multiples may contract, or investors may avoid investments in these areas, pare or limit existing investments, or withdraw from such investments altogether. Similarly, there may be periods during which certain segments of the equity asset spectrum, such as value stocks or small capitalization stocks, are favored over other equity segments, such as large cap growth stocks, or vice versa.

Investments in equity securities often involve more volatility than other investments, and investors should expect that the value of their account(s) may rise and fall more dynamically than some strategies that emphasize other investments. Overall stock market risks affect the value of client accounts. Over time, market forces can be highly dynamic and can cause stock markets to move in cycles, including periods when stock prices rise generally and periods when stock prices decline generally. The value of an account's investments may increase or decrease more than stock markets in general.

MCM's investment approach may at times reflect a greater degree of volatility when compared to certain benchmarks or indices. MCM believes that adding value stems from identifying good investments, rather than from closely hewing to benchmarks. Substantial divergences from benchmarks or indices in country, sector and industry allocations, individual position sizes, and various quantitative portfolio measures (*e.g.*, growth and value characteristics, tracking variance, beta) can be commonplace in MCM's strategies. Thus, the investment performance of client portfolios can be expected to reflect more volatility than certain benchmarks.

Other material risks associated with investing in portfolios advised or sub-advised by MCM include:

Risks of Equity Securities. MCM invests primarily in common stocks and other equity securities selected primarily for their long-term growth potential. As a result, investors bear the broad risks associated with investing in equity securities markets generally. These risks include, without limitation, general risks that the securities and markets in which client portfolios invest may experience volatility and instability, that domestic and global economies and markets may undergo periods of cyclical change and decline and be affected by natural or human-caused disasters, that investors may at times avoid investments in equity securities, and that MCM may select investment sectors, industries, or individual companies or securities that do not perform as anticipated or perform poorly.

A number of factors may affect the performance of an individual company's securities, such as the strength of its management, the demand for its products or services, its ability to innovate and respond to changing market conditions or anticipate consumer demand, the sector or industry it operates in, or other company-specific factors. As noted, MCM portfolios invest primarily in the securities of companies that are selected for their long-term growth potential. The value of such companies is, in part, a function of their expected earnings growth. Underperformance by a company may prevent the company from experiencing the expected growth, which may prevent a client's account from realizing the potential value anticipated by MCM when it selected those securities for the account.

MCM may invest client assets in the common stocks or other equity securities (such as convertible securities or warrants) of companies that pay dividends or other distributions as current income. Such companies could in some cases have less dynamic growth characteristics, or their securities may have less potential for gain than companies or securities that pay lower dividends or no dividends or other distributions. Dividends paid by these companies or securities may provide a limited cushion against a decline in the price of the stock. However, dividends paid by these companies may be reduced, suspended or terminated at any time.

Client assets may also be invested in convertible bonds or stocks or other securities that may potentially be converted into equity securities. While the value of convertible securities depends

in part on market activity, interest rate changes, and the credit quality of the issuers, the value of these securities will also change based on changes in the value of the underlying common stock. Income paid by a convertible security may provide a limited cushion against a decline in the price of the security. However, when underlying common stocks appreciate, convertible securities may appreciate to a lesser degree. Also, convertible bonds generally pay less income than non-convertible bonds.

Risks of Foreign Investing. Client assets may be invested in foreign securities, including emerging market securities, depending on market conditions. Investments in foreign securities involve risks that may be different from the risks associated with domestic securities, and can be riskier than U.S. investments for a variety of reasons such as, without limitation, political or economic instability in certain countries, sovereign solvency challenges, monetary or fiscal considerations, dependence on international aid, currency fluctuations, rising interest rates, inflation, inability to borrow at reasonable rates, foreign controls on investment and currency exchange, foreign governmental control of some issuers, restrictions on capital flows or on foreign investments in some countries, potential confiscatory taxation, nationalization of companies or expropriation of assets by foreign governments, withholding taxes, limits on repatriation of assets, a lack of adequate company information, less liquid and more volatile exchanges and/or markets, ineffective or detrimental government regulation, varying accounting, auditing, disclosure, and reporting standards, limitations on business activities, and legal systems or market practices that may permit inequitable treatment of minority and/or non-domestic investors. As a result of these and other factors, the values of securities of foreign issuers may be subject to greater price fluctuation than securities of U.S. companies. Investments in U.S. securities also may expose an account to foreign investment risk to the extent that U.S. issuers have exposure to foreign markets or economies.

Because there is less publicly available information about many foreign companies, it may be more difficult for MCM to stay fully informed about those issuers. In addition, information concerning foreign corporate actions such as acquisitions or divestitures, rights offerings, dividends, foreign legal or compliance developments, requirements or restrictions, or other matters which may affect the value of portfolio securities, also may be more difficult to obtain. Foreign issuers also may impose burdensome proxy voting requirements that may prevent or discourage the exercise of voting rights.

Clients should recognize that most foreign stock markets are not as large or liquid as those operating in the United States, and often have different clearance and settlement procedures. In certain markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct transactions or causing trades to fail. Failed trades or inability to dispose of portfolio securities due to settlement problems either could result in losses due to subsequent declines in value of the portfolio security or, if MCM has entered into a contract to sell the security, could result in a possible liability for non-delivery. Payment for securities without delivery may be required in certain foreign markets. Further, MCM may encounter difficulties or be unable to pursue legal remedies and obtain judgments in foreign courts.

Arrangements with foreign custodians are generally necessary to hold assets in foreign countries and these arrangements may pose potential risks. A foreign bank or securities depository or other custodian may maintain internal controls that differ from those customarily applicable to

U.S. custodians, may face less stringent regulatory scrutiny, and may be subject to less extensive legal or financial protections for asset holders.

Because investments in foreign securities will often be denominated or traded in foreign currencies, the value of the assets of a client account as measured in U.S. dollars may be affected favorably or unfavorably by changes in foreign currency exchange rates and exchange control regulations. In addition, a client will incur costs in connection with conversions between various currencies made to facilitate trades or for other purposes. Foreign exchange ("FX") transactions are required in order to settle trades in foreign ordinary securities for client accounts. FX transactions, which may be executed by MCM on its trading desk, or by the client's selected custodian pursuant to standing instructions, involve additional costs. The risks of currency fluctuations and currency transactions are discussed further in a separate section below.

Emerging Market Securities. Emerging market securities are securities of issuers economically tied to emerging markets. Emerging markets are countries listed in the Morgan Stanley Capital International (MSCI) Emerging Markets Index as well as those that MCM considers to have an emerging market economy or frontier market economy, based on factors such as the development of the country's financial and capital markets, its political and economic stability, level of industrialization, trade initiatives, per capita income, gross national product, credit rating, or other factors that MCM believes to be relevant. Various considerations including client guidelines may bear on whether a security is deemed to be an emerging market security for a particular client account.

Investing in emerging market securities may involve greater risks than investing in U.S. securities or securities issued by entities in other developed countries. Potential increased risks may include, among others, greater political and economic instability (including elevated risks of war, civil disturbances, and acts of terrorism), enhanced boom and bust cycles, burdensome investment or trading requirements, low trading liquidity and volumes and wider spreads, periods of relative illiquidity, temporary restrictions on investments, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies, sovereign solvency concerns, immature market structures, greater volatility in currency exchange rates, unavailability of currency hedging techniques, capital controls and currency transfer restrictions, possible trade barriers, dependence on revenue from particular commodities, dependence on international aid, price controls, less governmental supervision and regulation, companies that are smaller and less seasoned, differences in auditing and financial reporting standards which may result in diminished availability of material information about issuers, and less developed legal systems.

Investments in emerging markets may also involve other risks such as immature economic structures and less developed and more thinly-traded securities exchanges and markets. Many emerging market securities exchanges are relatively small, have low trading volumes, impose burdensome investment or trading requirements, suffer periods of relative illiquidity, or are characterized by significant price volatility. Pricing and other valuation information for issuers economically tied to emerging markets may be more difficult to obtain as compared to the securities of issuers tied to developed countries.

Certain emerging market countries have enacted measures that tend to discourage or prevent direct foreign investments, including through procedural obstacles or through the imposition of

far reaching and onerous taxation regimes. To the extent that some emerging market countries may enact provisions with the effect of discouraging direct investment in those markets by foreign investors, an account's performance could be materially affected by limitations or costs associated with its inability to invest directly in the securities of issuers located in those countries. To the extent that direct investments are possible, the costs of such investments may be greater as compared to other foreign market countries (or the U.S.). Repatriation of investment income, capital, and the proceeds of sales by outside investors may be more difficult, and may require governmental registration and/or approval in some emerging market countries.

Sovereign solvency concerns or devaluation may materialize relating to investments in securities denominated in foreign currencies. Inflation or deflation has had and may continue to have negative effects on the economies and securities markets of certain emerging market countries.

Risks of Currency Fluctuations and Currency Transactions. Account performance may be materially affected positively or negatively by foreign currency strength or weakness relative to the U.S. dollar, depending upon the extent to which a client account invests its assets in foreign securities or other assets denominated in currencies not tightly pegged to the U.S. dollar, as well as hedges or other investments in foreign currencies. Changes in foreign currency exchange rates will affect the value of an account's portfolio securities that are denominated in currencies other than the U.S. dollar, and thus, the account's overall value.

Generally, when the value of the U.S. dollar rises relative to a foreign currency, an investment in an issuer whose securities are denominated in that country's currency (or whose business is conducted principally in that country's currency) loses value, because that currency is worth fewer U.S. dollars. Conversely, when the U.S. dollar declines in value relative to a foreign currency, the value of investments denominated in the foreign currency may increase in relative terms. Devaluation of a currency by a country's government or banking authority also may have a significant impact on the value of any investments denominated in that currency. The risk that these events could occur may be heightened in emerging markets.

MCM generally purchases or sells foreign currencies for client accounts to settle transactions in portfolio securities that are denominated in those currencies. MCM also may make other investments relating to foreign currencies for hedging purposes or to serve other investment purposes. Some currency investments could be leveraged at times. Currency markets generally are not as regulated as securities markets.

MCM manages or oversees the execution of the majority of FX transactions for client accounts, except for trades in restricted currencies and repatriation trades discussed further below. For example, MCM can oversee trades in common, freely-tradable currencies such as Euros, Japanese Yen, Swiss Francs, and British Pounds. FX dealers typically do not charge a commission for U.S. dollar/foreign currency conversion transactions, but instead realize a profit based on the difference (the "spread") between the prices at which they buy and sell currencies in the market and the prices transacted with MCM on behalf of clients. Dealers typically do not disclose their spreads to MCM. Depending upon a number of factors, including client guidelines, foreign currency exchange transactions are conducted either on a spot (*i.e.*, cash) basis at the spot rate prevailing in the foreign currency exchange market, or through entering into forward foreign currency exchange contracts or purchasing or writing put or call options on foreign currencies. MCM monitors the foreign exchange transactions that it executes for clients.

For practical and operational reasons, client-selected custodians generally must execute the remaining minority of currency transactions, because they either involve restricted currencies that do not trade freely on global markets, or they involve frequent repatriation of relatively small amounts of foreign currency dividends or interest payments that accumulate in clients' own accounts from their holdings of foreign securities. These transactions are typically executed pursuant to standing instruction programs established by the custodian. MCM has little if any ability to substantively negotiate or monitor the terms or procedures under which client custodians execute standing instruction transactions. Foreign exchange rates paid by clients for those transactions may be higher than the lowest available rates. To the extent that clients' custodians agree to provide some data about their standing instruction FX transactions, MCM generally seeks to check that data against publicly available data for limited purposes. Any data provided by the custodian typically is limited in scope, and the data and any check by MCM may not clearly reveal certain key facts such as specifically what time an FX transaction was executed, whether transaction pricing was reasonable compared to other transactions at the same time, or what spreads or fees were received by the custodian for its execution.

In particular, MCM generally does not select the counterparty for or oversee the execution of certain FX trades that occur in the currencies of countries in which central banks impose restrictions, including foreign currency controls, that may preclude the currencies from trading freely on global FX markets ("restricted currencies"). Examples of countries currently imposing these types of restrictions include, among others, Brazil, Malaysia, Indonesia, South Korea and Taiwan. The client's custodian bank (often through a locally domiciled sub-custodian or agent) typically handles trades in these currencies. MCM has little ability to oversee FX transactions executed by clients' custodians, and may be unable to monitor or determine whether effective execution has occurred in such transactions.

In addition, MCM generally neither handles nor oversees FX transactions to repatriate into U.S. dollars small amounts of foreign currency that may accrue in client accounts as the result of local corporate actions such as the payment of dividends, interest, tax reclaims, etc. ("repatriation transactions"). Similar to the mechanism that exists for transacting in restricted currencies, client-selected custodians typically will repatriate those proceeds to the client's account by exchanging them for U.S. dollars pursuant to standing instructions. Unless otherwise directed by the client, custodians will generally determine the timing and frequency of repatriation transactions. MCM understands that custodians typically charge dealer spreads on FX transactions executed pursuant to standing instructions and may also charge clients forward points or other fees on these transactions. As noted above, MCM has little ability to oversee FX transactions executed by client custodians, and may be unable to monitor or determine whether effective execution has occurred in such transactions.

Risks of Growing Global Interdependence and Sovereign Debt and Solvency Issues. The growing inter-relationships of global economies and financial markets have increased the potential impact that conditions in one country or region can have on issuers of securities in a different country or region. The risk that declining economic conditions in one country or region may spread to other parts of the globe has increased in recent years. Similarly, concerns that sovereign entities and central banks in many countries may be creating unsustainable levels of debt that could eventually jeopardize their solvency may reverberate through the economies of those countries, other countries using a common currency or whose banks or other institutions are otherwise exposed to the country with solvency issues, and other countries with trading or

other economic relationships with affected countries. The adoption or prolongation of protectionist trade policies by one or more countries, changes in economic or monetary policy in the United States or abroad, or a slowdown in the U.S. economy, the economies of European, Asian, or South American countries, or other regions could lead to a decrease in demand for products and reduced flows of capital and income to companies in other countries. Concerns relating to global interdependence and growing sovereign debt and solvency concerns eventually could adversely affect both debt and equity securities issued by sovereign entities and private companies in developed countries and emerging market countries.

Risks of Small- and Mid-Capitalization Company Investing. Investments in small- and mid-capitalization companies can involve more risk than investments in large capitalization companies. Normally, these types of companies have more limited markets or product lines, less access to capital markets, and often more limited trading in their stocks. This can cause the prices of equity securities of these companies to be more volatile than those of large capitalization companies, or to decline more significantly during market downturns than the market as a whole.

Risks of Fixed Income and Variable Income Investing. MCM client accounts may have a portion of their total assets invested in various types of fixed income and variable income securities. Although MCM is not required to seek current income or maintain any portion of an account in such securities, clients may bear the risks associated with fixed income investing and variable income investing. These risks include, without limitation:

Credit Risk: Client accounts could lose money if the issuer of a fixed or variable income security cannot meet its financial obligations, defaults, goes bankrupt, or renegotiates terms that are less favorable to investors.

Interest Rate Risk: The value of investments in fixed or variable income securities may fall when interest rates rise.

Prepayment Risk: Accounts that invest in income securities bear the risk that an issuer will exercise its right to pay principal on an obligation (such as an asset-based security) earlier than expected. This may happen, without limitation, during periods of declining interest rates, or at other times. Under these circumstances, an account may be unable to recoup all of its initial investment or may receive a lower-than-expected yield from this investment and may be forced to reinvest in lower yielding securities.

High-Yield Securities: High-yield corporate debt securities with credit ratings that are below investment grade (also referred to as “junk bonds”) may be subject to higher risks of default and greater volatility than other debt securities, including risks that the issuer may not be able to meet its obligation to repay principal or pay interest. These types of debt instruments are more susceptible to credit risk than investment-grade securities and are considered to be more speculative in nature than higher-quality fixed income securities. This is especially true during periods of economic uncertainty or during economic downturns. The value of these lower-quality debt securities is subject to greater volatility and is often more heavily dependent on the ability of the issuer to meet interest and principal payments than is the case for higher-quality securities. Issuers of high-yield securities may not be as strong financially as those issuing debt securities with higher credit ratings.

Government Securities: While U.S. government securities have not historically faced a significant risk of default, a ratings downgrade, temporary default, or other adverse development affecting such securities cannot be ruled out as the aggregate debt represented by such securities (and other government debt) continues to increase, the sources of funds to repay principal and pay interest on such debt remain unclear, and political consensus on realistic solutions appears elusive.

Investment in foreign sovereign debt may in some cases involve a relatively high degree of risk. The governmental entity that controls the repayment of sovereign debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt, particularly as the debt of many governments is reaching unprecedented levels compared with their limited abilities to repay principal and pay interest on the debt.

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

Risks of Preferred Stocks. Preferred stock dividends are generally fixed in advance. Unlike requirements to pay interest on certain types of debt securities, the company that issues preferred stocks may not be required to pay a dividend and may stop paying the dividend at any time. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock also may be subject to optional or mandatory redemption provisions and an issuer may repurchase these securities at prices that are below the price at which they were purchased. Under these circumstances, a client account holding these preferred securities could lose money.

Risks of REITS and Other Securities Backed by Real Estate. The risks of investing in REITs and other securities backed by real estate, such as mortgage-backed securities and similar investments, include extraordinary weakness and volatility in recent years affecting mortgage-backed securities, derivatives, and other investments backed by real-estate related obligations issued by participants in housing finance, commercial real estate, and other real estate-related markets; widespread defaults in such investments; and major disruptions of and illiquidity in markets for such investments. Other adverse factors affecting REITs and other real estate-backed securities include past over-investment in and defaults on residential and commercial mortgages, the 2007-2009 financial crisis and recession, weak economic conditions, and environmental and similar considerations. In addition, when interest rates rise, real estate-related investments may react negatively, particularly investments that are exposed to floating-rate debt. To the extent that portfolio assets are invested in REITs, client accounts will indirectly bear their proportionate share of any expenses (such as operating expenses and advisory fees) paid by the REITs in which they invest.

Risk of Concentrated Investing and Large Positions. Client account portfolios managed by MCM tend to be relatively concentrated and often contain fewer securities than portfolios

managed by other investment managers. Holding a relatively concentrated portfolio may increase the risk that the value of a client account could go down because of the poor performance of one or a few investments. In addition, because MCM may purchase relatively large ownership positions for multiple client accounts, disposing of such positions might at times be more challenging or take longer than it would for smaller positions, depending on market and trading conditions, which might in some circumstances affect an account's performance. Similarly, because MCM often purchases the same security for multiple accounts, it may take longer to accumulate the desired level of securities in a particular account, which could result in some securities being purchased at higher prices (or not at all) than if that account received a full allocation initially.

These risks of concentrated investing and large positions may be heightened for client portfolios invested in MCM's Focused Growth and Select Alpha Growth strategies, which are considered "non-diversified" for certain purposes under mutual fund and other regulations. Focused Growth and Select Alpha Growth accounts may hold fewer securities than portfolios that are "diversified" for regulatory purposes, and may invest a greater percentage of their assets in a smaller number of securities. Holding fewer securities increases the risk that the value of portfolios could go down because of the poor performance of a single investment.

Risks of Derivatives and Other Investments. MCM also may invest on a limited basis in derivative investments or instruments or other investments deemed commodity interests. Some types of derivatives that MCM may use in its discretion may include, without limitation, currency forward contracts, exchange traded funds (whether or not considered derivatives), purchasing or writing put or call options on securities or indices, structured notes or other synthetic securities, futures contracts or options on futures, and swaps.

Derivatives could be used to attempt to hedge portfolios, or to serve other investment purposes such as to increase exposure to certain investments, asset classes, or markets. MCM may exercise its discretion to hedge portfolio exposures to currencies, markets, interest rates and any other variables that could potentially affect returns to investors, but is not required to hedge any portfolio. Portfolios of MCM's clients are not intended to serve as vehicles for investing substantially in derivatives or commodity interests or similar instruments, and tend to hold such investments only infrequently.

In unusual circumstances, MCM also may enter into short sales of a security or instrument, including a security that is currently held in the account (or of a security equivalent in kind or amount to another security that the account has an existing right to obtain without the payment of additional consideration) (short sale "against the box"), or other securities or instruments not held in the account. If MCM engages in these practices, the intent may be to attempt to hedge all or a portion of a client's portfolio, or may be to serve another investment purpose.

Investing in derivatives or engaging in short sales for hedging or other investment purposes may result in transaction costs and other substantial costs that may reduce account performance. No assurances can be given that derivative positions or short sales will be used at all, or that they will achieve the desired results such as a targeted correlation with another asset.

Syndicated Offerings. An account's performance may be materially affected, positively or negatively, by its participation in other types of investments, including syndicated offerings of common stock or other equity or debt securities. These types of investments may have a

magnified impact on an account's performance, especially with respect to smaller accounts. The impact on an account's performance from these types of investments would generally be expected to diminish as an account's assets grow. Whether an account participates in these types of investments is dependent on a variety of factors, and there can be no assurance that any account will participate in them.

Portfolio Turnover. Frequent trading of securities is not a primary characteristic of MCM's investment strategies. Portfolio turnover rates for some strategies may be greater than others due to the investment strategy of that particular account or for other reasons. A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes for taxable accounts. These costs can affect an account's overall performance.

Certain Risks Associated with Cybersecurity. Investment advisers, including MCM, must rely in part on digital and network technologies (collectively, "cyber networks") to conduct their businesses. Such cyber networks might in some circumstances be at risk of cyber attacks that could potentially seek unauthorized access to digital systems for purposes such as misappropriating sensitive information, corrupting data, or causing operational disruption. Cyber attacks might potentially be carried out by persons using techniques that could range from efforts to electronically circumvent network security or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. MCM maintains an information technology security policy and certain technical and physical safeguards intended to protect the confidentiality of its internal data. Nevertheless, cyber incidents could potentially occur, and might in some circumstances result in unauthorized access to sensitive information about MCM or its clients.

Item 9. Disciplinary Information

Not applicable. MCM is not aware of any legal or disciplinary events that would be material to a client's or a prospective client's evaluation of MCM or the integrity of MCM's management.

Item 10. Other Financial Industry Activities and Affiliations

Financial Industry Activities of MCM and Its Affiliates. As discussed in **Item 4: Advisory Business**, MCM is an independent investment adviser whose sole business is managing growth equity and other assets for diverse institutional and individual clients. MCM does not participate in other financial industry activities. Solely to facilitate distribution of the Marsico Funds, certain management persons and employees of MCM also may be registered representatives of UMB Distribution Services, LLC, an unaffiliated broker-dealer that distributes the Funds.

MCM's principal owners and certain other affiliates are identified in **Item 4: Advisory Business**. As noted, none of MCM's affiliated companies are public companies, broker-dealers, or investment advisers, are substantially involved in MCM's day-to-day business operations, or are otherwise significant for regulatory purposes.

MCM not Affiliated with Third-Party Owners of Interests in Parent Company. As discussed in **Item 4: Advisory Business**, the third parties that own portions of the equity interests issued by MCM's indirect parent company, Holdings, are not affiliated persons of Holdings or its subsidiaries, including MCM under applicable securities laws, as the equity interests do not

include voting rights. MCM and its affiliates may have other business relationships with these third party equity holders.

Limited Business Relationships with Goldman, Sachs & Co. and Affiliates. Regarding arrangements with non-affiliates, MCM and its parent companies have maintained limited business relationships with Goldman, Sachs & Co. and its affiliates (“Goldman”), including financing arrangements relating to the 2007 repurchase transaction in which a company controlled by MCM’s management repurchased MCM from a subsidiary of BofA, and subsequent recapitalization transactions. In the ordinary course of business, MCM may at times utilize Goldman’s securities brokerage services for MCM’s clients when this appears likely to result in best execution, and may purchase or sell securities or foreign currencies directly from or to Goldman, pay commissions to Goldman, and receive client commission benefits. Additionally, as part of routine investment decisions, MCM may invest client assets in shares of Goldman Sachs Group, Inc., the parent company of Goldman.

Prior Affiliation with Bank of America Corporation (“BofA”). As discussed above in **Item 4: Advisory Business**, following MCM’s founding by Tom Marsico in 1997, MCM was an affiliate of BofA from 1999 to 2007. In a 2007 repurchase transaction, a company controlled by MCM’s management repurchased MCM from a subsidiary of BofA, and MCM became an independent firm owned by its management through a parent company structure. In 2010, Ameriprise Financial, Inc. (“Ameriprise”) acquired most of the long-term asset management business of BofA’s former Columbia Management Group, which Ameriprise combined with RiverSource Investments, LLC and redesignated as CMIA. MCM maintains business relationships with Ameriprise and CMIA, including MCM’s ongoing provision of advisory services to CMIA and its clients, such as certain of the Columbia Funds as well as other Ameriprise clients.

Related Investment Companies. MCM serves as investment adviser to the Marsico Funds, which are portfolios of a registered open-end investment company consisting of the following:

- Marsico Focus Fund
- Marsico Growth Fund
- Marsico 21st Century Fund
- Marsico International Opportunities Fund
- Marsico Flexible Capital Fund
- Marsico Global Fund

MCM serves as investment sub-adviser to other registered and unregistered investment companies sponsored by other firms. Under the federal securities laws, MCM may be considered an affiliated person of these investment companies for certain purposes, but does not control them. These sub-advised registered investment company portfolios include, without limitation:

- Multimanager Aggressive Equity Portfolio, a series of AXA Premier VIP Trust
- Multimanager International Equity Portfolio, a series of AXA Premier VIP Trust
- International Equity Investments, a series of the Consulting Group Capital Markets Funds
- Columbia Marsico Focused Equities Fund, a series of Columbia Funds Series Trust
- Columbia Marsico Growth Fund, a series of Columbia Funds Series Trust

- Columbia Marsico 21st Century Fund, a series of Columbia Funds Series Trust
- Columbia Marsico Global Fund, a series of Columbia Funds Series Trust
- Columbia Marsico International Opportunities Fund, a series of Columbia Funds Series Trust
- Cornerstone Advisors Global Public Equity Fund, a series of the Advisors' Inner Circle Fund
- EQ/Large Cap Growth PLUS Portfolio, a series of EQ Advisors Trust
- Growth Equity Fund, a series of the GuideStone Funds
- Harbor Global Growth Fund, a series of Harbor Funds
- ING Marsico Growth Portfolio, a series of ING Investors Trust
- Litman Gregory Masters International Fund, a series of the Litman Gregory Funds Trust
- Marsico Growth FDP Fund, a series of FDP Series, Inc.
- Columbia Variable Portfolio - Marsico Focused Equities Fund, a series of Columbia Funds Variable Insurance Trust I
- Columbia Variable Portfolio - Marsico Growth Fund, a series of Columbia Funds Variable Insurance Trust I
- Columbia Variable Portfolio - Marsico 21st Century Fund, a series of Columbia Funds Variable Insurance Trust I
- Columbia Variable Portfolio - Marsico International Opportunities Fund, a series of Columbia Funds Variable Insurance Trust I
- Columbia Marsico Flexible Capital Fund, a series of the Columbia Funds Series Trust II
- SunAmerica Focused Alpha Growth Fund, Inc., a series of SunAmerica Specialty Series
- SunAmerica Focused Alpha Large-Cap Fund, a series of SunAmerica Specialty Series
- Focus Growth Portfolio, a series of Season Series Trust
- Marsico Focused Growth Portfolio, a series of SunAmerica Series Trust
- International Equity Fund, a series of State Farm Mutual Fund Trust
- International Equity Fund, a series of State Farm Variable Product Trust

Related Persons That Serve Limited Partnerships. A related person of MCM, MFA, serves as general partner of a private limited partnership for MCM employees which MCM serves as investment adviser. MFA does not receive compensation for serving as general partner, and does not act as an investment adviser to any person.

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

MCM's Code of Ethics and Other Policies Addressing Potential Conflicts of Interest

In accordance with Rule 204A-1 under the Advisers Act and Rule 17j-1 under the Investment Company Act of 1940, as amended (the "Investment Company Act"), MCM and the Marsico Funds maintain a Code of Ethics (the "Code") that is designed to minimize potential conflicts of interest stemming from the personal securities transactions of MCM employees (and members of their families) in light of employees' involvement in directing or effecting securities transactions

for MCM's clients or obtaining information about securities holdings and transactions, and to address other potential conflicts of interest.

The Code is based on the principles that MCM and its employees owe certain duties to MCM's clients, and should place the interests of clients first, seek to avoid, manage, or disclose conflicts of interest, avoid taking advantage of positions of trust, and conduct personal securities transactions in compliance with certain safeguards in the Code.

To minimize or manage potential conflicts of interest involving personal investments, the Code generally prohibits MCM employees (and certain members of their families and other persons whose investments are attributed to employees) from purchasing for their personal accounts certain types of securities that MCM regularly purchases or holds for clients, including common stocks and corporate debt securities. The Code generally permits these persons to sell securities of this type only after pre-clearing the transaction, and only at times when MCM has not engaged in recent transactions in those securities and does not anticipate purchasing or selling them for client accounts in the near future. The Code also addresses transactions in shares of the Marsico Funds through restrictions including requiring minimum holding periods and pre-clearance requirements for sales of Marsico Fund shares. Employees are generally prohibited from holding shares of mutual funds that are sub-advised by MCM. Employees may invest in a private limited partnership for MCM employees which MCM serves as investment adviser.

Other provisions of the Code include restrictions on purchases or sales of other investments such as IPOs and private placements or other limited offerings, and requirements to regularly report personal transactions and holdings. The Code requires employees to facilitate MCM's receipt of broker account statements for personal accounts and personal trade confirmations to assist in assuring compliance with the Code and recordkeeping, and periodically certify compliance with the Code. The Code also requires officers and employees to obtain prior approval of service on the board of directors or in a similar capacity for any for-profit company or other for-profit organization, and restricts employees in accepting or giving certain gifts and entertainment from or to persons engaged in activities relating to MCM's business, including service providers and clients.

Penalties for violation of the Code by employees may range from a warning or reprimand to monetary penalties or termination of employment. MCM periodically updates its Code as appropriate to seek to ensure that it satisfactorily addresses relevant issues. MCM will provide a copy of its Code to any client or prospective client upon request.

In accordance with Section 204A of the Advisers Act and related rules, MCM also maintains an insider trading policy that includes procedures reasonably designed to prevent trading or disclosures by MCM's employees that might constitute the misuse of material, non-public information. Among other things, MCM's policy generally forbids any employee from buying or selling a security personally or for any account managed by MCM while in possession of material, non-public information about the security or the issuer.

MCM believes that its insider trading policy, the Code's guidelines for avoiding prohibited acts, and other MCM compliance policies and procedures are reasonably designed to minimize potential trading-related and other conflicts of interest between MCM, its related persons, and their clients, or to reasonably control, monitor, or otherwise address those and other potential conflicts. MCM expends considerable resources in maintaining and enforcing these policies and

otherwise seeking to identify, evaluate, minimize, and disclose potentially significant conflicts of interest to clients in this Part 2A and other disclosure documents such as mutual fund prospectuses. However, clients should be aware that no set of rules can possibly anticipate or eliminate all potential conflicts of interest or guarantee exemplary conduct in personal trading or other matters, that conflicts of interest inevitably apply in providing investment advice, and that certain conflicts cannot be fully eliminated, avoided, controlled, or disclosed in advance.

Participation by Related Persons and Differing Interests Among Clients

MCM's investment decisions for each client's account are based upon the investment objectives, policies, practices and other relevant investment considerations that MCM believes are applicable to that particular account. MCM seeks to ensure that over the long term, all clients are treated as fairly and equitably as possible relative to each other.

MCM may give advice to, or exercise investment responsibility or take other actions for, some clients (including related persons) that may differ from the advice given to, or the timing and nature of actions taken for, other clients, even though their investment objectives may be similar. Some differences in the handling of client accounts inevitably result from normal differences between accounts such as, without limitation, each account's differing investment strategies, investment objectives, specific guidelines and restrictions, including risk tolerance, tax status, account opening dates, account sizes, policies, cash flows, cash availability, issuer and regulatory holdings restrictions, ability to open accounts for trading securities in foreign jurisdictions, special needs, the limited availability of certain securities such as IPOs and other investment opportunities, portfolio manager decisions made for specific client accounts, and other differences among accounts that routinely arise in the ordinary course of providing individualized investment advice to different clients.

As the result of factors such as those discussed above, some clients may not participate at all in investments in which other clients participate, or may participate to a different degree or at a different time than other clients do. On occasion, MCM could at times cause some clients (including related persons) to buy or sell securities or other investments while other clients take different positions in the same investments. MCM also may purchase (or sell) securities for one account and not another account, or may take similar actions for different accounts at different times.

Normal differences between accounts resulting from factors such as those discussed above may routinely result in the mix of securities held in one account performing better than the mix of securities held for another account. As a result of these considerations, account performance among client accounts is expected to vary, and some performance dispersion will occur even among accounts generally managed in the same investment strategy.

MCM occasionally may buy or sell for its clients securities in which related persons of MCM may have a financial interest. For example, MCM's owners, officers, employees, their family members, a private limited partnership for MCM employees, and other affiliates of MCM ("related persons") may incidentally hold in their securities accounts the same securities that MCM also trades for clients.

The ownership interests that related persons of MCM may hold in certain Marsico Fund portfolios or the private limited partnership for MCM employees may be significant at times, and

as a result, those persons might at times be deemed to be “affiliated persons” of, or to have “control” over, certain of the portfolios managed by MCM, as those terms are defined in the Investment Company Act.

In addition, MCM’s related persons may themselves be clients of MCM through private accounts, or through pooled investment vehicles advised by MCM, such as the Marsico Funds or the private limited partnership for MCM employees. MCM may buy or sell securities or other investments for the accounts of related persons or investment vehicles in which related persons invest that may be very similar to, or may be substantially different from, the securities or investments it buys or sells for other clients. MCM generally seeks to avoid short selling a security for an investment vehicle if it is aware that other MCM client portfolios hold substantial long positions in the same security purchased by MCM, unless the short sale is intended to hedge an existing long position in the vehicle (through, for example, a short sale against the box).

In addition, MCM’s related persons may do business, personal or otherwise, with MCM’s clients or with issuers whose securities may be held in account portfolios. For example, MCM may purchase or hold for client accounts the securities of other clients (or their affiliates). MCM also may purchase or hold for clients the securities of service providers (or affiliates of service providers) to MCM or its parent companies or to the Marsico Funds or to other MCM clients. Similarly, MCM may purchase or hold for clients securities issued or underwritten by investors in or lenders to or noteholders of MCM’s parent companies, or securities issued or underwritten by affiliates of such investors and lenders. MCM also may provide investment advisory or sub-advisory services to such investors in or lenders to MCM or to their affiliates.

Allocation of Investment Opportunities and Shares of Investments

MCM may allocate a particular investment opportunity, or allocate trades in a particular security or other investment, to one client or to multiple clients. MCM seeks to allocate investment opportunities, trades in securities or other investments, and trading costs to clients as fairly and equitably as possible in light of the particular circumstances of the security, the account style, and the trade, without favoring particular accounts over the long term, consistent with practical limitations.

When allocating investment opportunities or securities with respect to client accounts, MCM may treat accounts owned by related persons, including a private limited partnership for MCM employees, as if they were any other client account under MCM’s procedures. No special treatment or favoritism is permitted for accounts owned by related persons. However, such accounts are not required to be placed at a disadvantage with respect to other client accounts.

Allocations may take into consideration factors such as the size, nature, identity, or number of positions in a client’s portfolio, concentration and size of holdings, investment objectives and guidelines, industry and sector exposure, purchase cost and cash availability, ability to obtain meaningful position sizes, liquidity, investment imbalances, prior participation in similar opportunities, limitations on the availability of an investment, special needs, trading considerations, and other factors.

Inevitably, not all clients, including clients within similar investment strategies, can participate in every investment opportunity, and clients who do participate in an investment cannot always participate to the same degree. MCM may determine that a limited supply of a particular

opportunity or investment or other factors noted above may preclude the participation of some clients in a particular investment opportunity or trade. Similarly, when MCM determines to exit a position for some clients, other clients may not always participate, may not participate at the same time, or may not participate to an equal degree.

MCM generally buys or sells securities or other investments for more than one client at a time when feasible in the circumstances of each trade. MCM frequently aggregates or “bunches” trades for multiple clients in seeking to maximize efficiency and minimize trading costs (generally excluding certain types of trades such as wrap program trades, as discussed in **Item 12: Brokerage Practices** below), and places the bunched trade with one or more broker(s) that MCM believes may provide best execution.

MCM does not aggregate trades in all circumstances, and is not obligated to aggregate trades in any circumstances. Although aggregation of trades is generally intended to benefit client accounts by reducing overall trading costs, it is possible in some circumstances that aggregation might instead increase client account commissions or trading costs or have other adverse effects. Certain client trades that are not aggregated may at times achieve superior results including better price terms, such as when a single account may obtain a superior purchase or sale price not available for an aggregated trade executed for a larger group of MCM’s clients.

MCM seeks to allocate bunched trades (and trading costs) in a manner that is as fair and equitable as possible to all participating clients, in light of the particular circumstances of the security, the account style, and the trade, without favoring particular accounts over the long term, consistent with practical limitations.

The allocation method most commonly used is an equal percentage or level percentage allocation among the accounts in a particular trading group. This leveling method seeks to bring a particular securities position held by accounts within the trading group to a relatively equal percentage of total assets in each account following completion of the trade (*e.g.*, purchasing sufficient shares of a particular stock to reach 3% of each account’s assets). Other allocation methods may include, without limitation, a pro rata distribution based on account size or the position size of a particular holding within the account, “fill-first” or other priority instructions intended to address particular account needs, such as special cash issues, investment imbalances or limited quantities, trade one existing position for another, or other methods intended to address particular account or trading considerations.

The price paid or the value of cash proceeds received for a sale for an account is generally determined by calculating an average price of executions completed and expenses incurred for accounts participating in the trading activity. Purchase or sale and transaction costs generally are allocated pro rata to each participating account based on the amount of securities or proceeds received by the account.

Allocation of Syndicated Offerings

Syndicated initial public offerings or syndicated secondary or follow-on offerings (“syndicated offerings”) typically present limited opportunities for meaningful client participation. This is true because of factors including the limited frequency of syndicated offerings, strong interest in these offerings often resulting in oversubscription by investors, the relatively small number of shares that are typically allotted to particular investment managers and their clients, and the

specialized nature of many syndicated offerings, which may at times be more suitable for some investment strategies (such as those that hold large amounts of foreign offerings, small-capitalization offerings, or offerings in particular industries) than for others.

Financial Industry Regulatory Authority (“FINRA”) Rule 5130 (“Rule 5130”) may restrict a client account from receiving certain syndicated offerings such as initial public offerings or “new issues,” if a substantial portion of the account is beneficially owned by a “restricted person” affiliated with a broker-dealer. Related FINRA Rule 5131 may restrict a client account from receiving certain syndicated offerings if a substantial portion of the account is beneficially owned by a covered person that acts as an executive or director of a company, or a person materially supported by such person (collectively, “covered persons”) that may be an investment banking client of a broker, or if the allocation is a “quid pro quo” allocation in return for excessive compensation for the services by the broker.

MCM periodically requests that clients notify MCM whether their accounts are eligible to receive “new issues” in light of these and other restrictions. Some clients are not eligible to participate in syndicated offerings at all, including clients subject to relevant FINRA Rule restrictions, wrap accounts and other clients. MCM endeavors to avoid purchasing new issues or other shares of syndicated offerings for clients that it believes are ineligible, or certain other clients such as wrap program participants. Other clients that are subject to exceptionally complex regulatory limitations on investing in syndicated offerings underwritten or sold by an affiliated broker (such as clients subject to the Employee Retirement Income Security Act (“ERISA”)) also may be excluded from participation in syndicated offerings, or may participate on a more limited basis compared to clients not subject to such restrictions.

Client accounts that are eligible to receive syndicated offerings may not participate in them often for many reasons, including factors noted above and others that may at times apply such as the expected relative illiquidity of the newly-issued security, concerns about the business or market appeal of the issuer, the unavailability of meaningful position sizes, restrictions based on client investment guidelines or other account constraints, lack of interest on the part of portfolio managers, other regulatory restrictions or complexities, compliance policies, or investment decisions by MCM.

Syndicated offerings often possess special characteristics that make them more appropriate for certain investment styles. For example, the majority of syndicated offerings that may be of interest to MCM may be offered by small-capitalization or foreign issuers. As a result, in many cases these syndicated offerings may be most suitable for particular account groups that routinely invest in those types of securities, such as accounts managed under MCM’s all-cap, flexible capital, global, or international strategies. This could result in more frequent allocations of syndicated offerings to accounts or groups with more specialized investment strategies, smaller accounts or groups, and certain portfolios of the Marsico Funds (in which affiliates, officers or employees of MCM may have invested significantly).

MCM also may seek to allocate syndicated offerings mainly to accounts which, following such allocation, either already hold positions in the security, or will be able to obtain a material or meaningful position size relative to the account’s total assets. A portfolio manager may issue special instructions intended to address particular account needs such as cash flows or availability, investment imbalances, or other unique account or trading considerations. MCM may also consider special factors such as lack of participation in past offerings, the materiality of

the allocation to a particular account, the significance of the accounts in obtaining allotments from brokers, or other concerns.

If syndicated offerings are deemed suitable for more than one investment strategy, but are not available in sufficient quantity to allow all account groups within those strategies to participate to a meaningful degree, and if some eligible groups appear to have participated to a substantially greater degree than other groups in the past, MCM may allocate such syndicated offerings to eligible client account groups in rotation. The rotation order may be affected by multiple factors. MCM seeks to make such allocations based on appropriate circumstances relevant to individual accounts when appropriate. Accounts owned by related persons may at times participate in syndicated offerings to the extent permitted by law, or may purchase on open markets the securities issued in such offerings on or after the dates of such syndicated offerings.

Subject to the considerations discussed above, MCM will not systematically allocate syndicated offerings in a manner that would be unfairly preferential over the long term to: (i) accounts that are beneficially owned or controlled by MCM, its employees or their immediate family members, or affiliates of MCM, if any; (ii) accounts with poor performance; (iii) new accounts for which a strong performance record would be advantageous; (iv) accounts with a performance-based fee, if any; or (v) a limited number of accounts within a larger group of accounts that are equally eligible to participate in syndicated offerings and share the same account size and other investment circumstances, objectives, policies, restrictions, and other factors relevant to the suitability of particular investments for particular accounts.

Item 12. Brokerage Practices

Best Execution

When it has discretion over broker-dealer selection and execution, MCM seeks to obtain for client accounts the best execution of portfolio securities transactions that can reasonably be obtained under the circumstances. To seek best execution means to use reasonable diligence in seeking the most favorable execution terms reasonably available in the specific circumstances surrounding each securities trade, so that a client's total costs or proceeds in each securities transaction are the most favorable reasonably available under the prevailing market conditions.

Certain special aspects of MCM's investment style affect the manner in which it selects brokers and seeks to achieve best execution of client securities trades. MCM follows a growth investing discipline that often requires that it obtain or dispose of large securities positions quickly, typically within a few hours or days, and with attention to potential price movement at times when the prices of securities may be trending significantly upwards or downwards. Further, MCM's relatively concentrated portfolios may require allocating substantial assets to a limited number of securities. To address these objectives, MCM may at times buy or sell larger positions in fewer securities for clients over relatively short periods of time, compared with other managers that may invest in smaller positions or in many more securities. This factor may at times require MCM to frequently execute a smaller number of larger trades, and heighten the need to execute such trades quickly to limit market impact.

MCM seeks to quickly locate large sources of trading liquidity when needed, and to arrange trades opportunistically with different counterparties and brokers offering the best terms

available in particular trading circumstances. For example, a significant portion of MCM's trading strategy involves seeking "natural counterparties," or willing sellers (or buyers) that hold (or seek) large positions and have natural incentives to participate on the other side of a trade in large volumes. MCM works with both brokers and electronic communications networks or other alternative trading systems ("ATs") discussed further below to attempt to locate natural counterparties. MCM may at times execute large trades with natural counterparties at prices that may differ from current market prices for smaller trades, depending on the nature of the counterparty, its particular objectives, the size of an available block of securities, efforts to limit price movement and market impact, the scope of any broker services in connection with the trade, and other considerations unique to each trade.

Because liquidity is not always available from natural counterparties, MCM occasionally may buy (or more commonly sell) a large block of securities through a trade with a full-service broker that agrees to take the other side of the trade while acting as principal, thereby committing its own inventory (or capital) to the trade. MCM believes that such "principal" or "capital commitment" trades with selected brokers can be the best way to rapidly acquire or dispose of a large block of securities, and can at times contribute significantly to achieving overall investment goals and producing favorable trading outcomes at a reasonable cost to MCM's clients, even if not the lowest cost. Principal trades may also involve smaller trades and stop-loss orders, and may have implicit spreads and explicit commissions at times. To implement investment goals, capital commitment trades may at times be executed quickly at prices that are slightly less favorable than prevailing market prices, although this is not always the case. Certain trading costs associated with these types of trades may appear relatively high compared to the costs of other types of trades. In general, however, these principal trades are intended to serve long-term overall investment goals more efficiently than alternatives, such as executing many smaller agency trades over a longer period during which security prices may move in an unfavorable direction.

As part of its consideration of best execution, MCM may consider various potential costs associated with the execution of securities transactions, including explicit commission costs, spreads, more subtle costs associated with market impact or other price movement during trades, opportunity costs, costs associated with client commission benefits, and other costs of potentially hampering investment goals (such as acquiring too few shares before a large price advance the next day). MCM works actively to contain explicit commission costs, but commissions may at times be a less significant consideration than other costs that can have a larger impact on the overall investment results of securities trades.

To promote best execution, MCM typically takes certain steps in implementing trading decisions, including considering the portfolio manager's overall investment goals, anticipated costs and benefits, selecting a reasonable trading venue for a trade (such as an exchange or off-exchange market), selecting an effective broker or ATS to execute the trade, monitoring the trade as it is executed, complying with client trading guidelines including client-directed brokerage instructions or client restrictions on the use of certain brokers, and periodically evaluating broker quality and other considerations affecting best execution through means such as quantitative broker ratings.

Alternative Trading Systems. When possible in the particular trading circumstances, MCM frequently executes part or all of the trade order through an ATS if such a system is available,

execution of a trade on the system appears reasonably feasible, and doing so may be potentially beneficial in the particular trading circumstances, such as when an ATS appears to offer adequate volume and execution capabilities. ATSs include electronic trading systems or alternative market systems, such as electronic crossing networks, including “dark pools,” algorithmic trading systems, order matching systems, and other trading systems, and may permit at least as favorable a quality of execution as may be available through another venue.

Dark pools are crossing networks that provide buy- and sell-side market participants with access to securities quotes or trades that may not be integrated into consolidated quote data or displayed on order books. MCM believes that dark pools may at times permit access to significant liquidity while also potentially offering in some circumstances a higher level of anonymity than is thought to be available when trading with traditional brokers. MCM is generally unaware of the identity of the counterparties to trades executed through dark pools. A pool sponsor itself may take the other side of a trade in order to maintain maximum liquidity.

ATSs may be particularly useful for trading securities in anonymous transactions subject to lower commissions, and sometimes, but not always, permit at least as favorable a quality of execution as may be available through another venue. ATSs may at times offer helpful access to liquidity, limited market impact, low commissions, and protection of proprietary information. ATSs also may reduce the role of market makers and can assist buyers and sellers in dealing directly with each other, thereby increasing market anonymity. ATSs also present certain limitations at times. Factors such as lack of liquidity, time constraints, priority trading needs, resource limitations, or other considerations may make the use of ATSs impractical or undesirable in particular trading circumstances and may favor the use of a conventional broker instead. ATSs may present certain compliance issues. In recent years, regulatory and disclosure related-issues have arisen concerning the practices of a few ATSs, such as certain dark pools. MCM typically has no alternative but to rely on the representations of trading systems about how they conduct their businesses, including their compliance with legal and regulatory obligations. While any compliance issues to date appear not to have significantly impacted execution quality, there can be no assurances that the representations of ATSs and other execution venues will always accurately reflect their operations or business practices.

MCM seeks to direct trades to ATSs that traditionally have provided high quality services. However, the proliferation and inter-connectedness of newer trading systems such as algorithms and crossing networks has complicated the task of controlling where client trades are ultimately executed. MCM may at times seek to limit the exposure of orders to certain types of market participants that, in MCM’s view, may not provide significant benefits in helping to achieve investment goals.

Broker Selection Criteria. When selecting a broker (including an ATS), MCM may consider factors such as each trade order’s timing, size, complexity, special features, the availability of liquidity, and current market conditions, the full range and quality of an available broker’s services, spreads, fees, or commission rates, the broker’s general execution capability, its initiative in providing research, investment ideas, or access to corporate executives, its provision of access to underwritten offerings, the value and extent of the broker’s past and expected future contributions to overall portfolio performance on a continuing basis (including by providing or facilitating the provision of permissible brokerage or research services that may be paid for with client commissions) (see “Soft Dollars/Client Commission Benefits” below), its ability to obtain a favorable price, provide or locate liquidity (including natural counterparties), willingness to

commit capital, handle large or small orders, block trading capability, the broker's reputation, integrity, facilities, financial responsibility and services offered, trading expertise and responsiveness, reliability in executing trades and keeping records, familiarity with the other side of the trade, fairness in resolving disputes, ability to maintain confidentiality, , permissible commission recapture arrangements, any client directions to use or not use a particular broker (in accordance with MCM's separate policies and procedures for client-directed brokerage arrangements), and (in trades for the Marsico Funds) the broker's ability to offset non-distribution related administrative expenses otherwise charged by service providers to the Marsico Funds for services such as recordkeeping by Fund supermarkets.

MCM seeks to ensure that when it selects brokers to execute trades for the Marsico Funds or other mutual funds advised or sub-advised by MCM (as well as other clients), it does not knowingly consider the promotion or sales of fund shares by selling brokers or other client referrals as a factor in selecting brokers.

When choosing a broker (including an ATS), MCM often seeks to obtain from the broker additional research, research-related products, or important brokerage services that are intended to assist MCM in its investment decision-making process or to help MCM to execute trades for clients as effectively as possible, and that thereby generally benefit MCM's clients as well as MCM itself. Such brokerage services or research may exceed the services or research available from other brokers that may charge lower commissions. As discussed further below, the commissions paid to these brokers may at times be higher than the commissions that would be paid to another broker solely for execution or clearing services. MCM has adopted policies and procedures that seek to ensure that the commissions that MCM typically pays to brokers (and the other terms on which MCM uses these entities) are competitive, and the commissions paid are believed in good faith to be reasonable in relation to the value of all of the research and brokerage services being provided to MCM, viewed in terms of either the specific transaction or MCM's overall responsibilities to client accounts, including the additional eligible brokerage or research services.

Counterparty Risks. Like all investors, MCM's clients necessarily bear certain counterparty risks relating to trading activities conducted on their behalf. On behalf of its clients, MCM engages in continuous trading activity with participants in markets around the world, including counterparties on the other side of trades in securities, currencies, and other instruments, and brokers, banks, and exchanges that facilitate such trades or act as counterparties themselves. In interacting with these diverse counterparties, MCM's clients are inevitably exposed to some counterparty risks, including the risk that a counterparty will be unable to execute or complete a transaction or meet related obligations because of financial difficulties.

Counterparty risks are difficult to control because complete information about counterparties is not available. In typical agency securities transactions, the counterparties on each side of a trade are not known to each other, and the trade is facilitated by other intermediaries such as brokers, banks, and exchanges. Further, even in dealing directly with known counterparties such as brokers acting as principal, current transparent and reliable information about the financial condition of market participants is often unavailable, and the investment manager may be unable to fully assess the creditworthiness of counterparties in advance of each transaction. As a result, investment managers have no choice but to engage in trading involving diverse counterparties and intermediaries despite the presence of some potential risks.

Certain investment and trading practices of MCM may help to limit these risks. For example, MCM rarely invests in off-exchange derivative instruments such as repurchase agreements or certain swap agreements that rely substantially on a broker's balance sheet over an extended period of time (although MCM may occasionally invest client assets in derivatives such as currency forward contracts). Also, as a growth equity manager, MCM typically invests primarily in liquid equity securities that are traded extensively through established securities exchanges. MCM also commonly trades through brokers or ATSS that act as agents between MCM and the counterparty on the other side of the trade rather than undertaking financial obligations in a principal role, although MCM may at times execute trades with a broker that acts as principal in committing its own capital to the trade.

Although counterparty risks for MCM clients may be relatively limited in scope, such risks cannot be completely avoided. Clients' primary exposure to counterparty risk may be the modest settlement risk that applies during the brief period (typically one to three days) between the execution of any trade and its settlement. The counterparty on the other side of the trade could fail to deliver securities or cash, or intermediaries such as brokers, banks, or exchanges could fail to follow procedures intended to reduce such risks or otherwise fail to take appropriate action to facilitate and complete the settlement as expected. Settlement-related counterparty risks can encompass a broker's or bank's own creditworthiness when the broker or bank holds a counterparty's securities or cash, or acts as principal in trades by using its own balance sheet or inventories to purchase assets from MCM clients or to sell assets to MCM clients.

Trades could fail because of these risks. A trade that fails could result in the loss of the benefit of the trade, or, in unusual circumstances, of securities or cash delivered without corresponding receipts. These limited risks can increase dramatically in unusual circumstances and market conditions over which MCM has little control, such as when a broker's balance sheet might be affected by the potential insolvency of an affiliated bank, when a broker has balance sheet problems that arise suddenly without warning, or when the uncertain financial status of sovereign entities or brokers holding their debt might unexpectedly impair the solvency of many financial institutions.

It is not practically feasible to obtain full assurances that no broker or affiliated institution trading for or with MCM and its clients faces any insolvency risk. MCM may attempt to conduct a limited review of the creditworthiness of certain brokers or other counterparties if such a review appears desirable and feasible, such as when MCM is using a broker for the first time and will rely on it to a substantial degree, or when a broker frequently used by MCM is believed to face material changes in its financial circumstances. The review may include consideration of the broker's balance sheet or other available financial information. MCM also may consider other information gained from general industry sources or its own investment research regarding broker-related companies.

Inevitably, however, based on the anonymous nature of trading venues, many counterparties are unknown, do not make comprehensive information available, or cannot be evaluated for other reasons, and MCM has no choice but to engage in trading of securities or other instruments involving them despite the presence of some potential risks. Diligence evaluations are generally not considered practical or beneficial in the case of brokers that engage only in agency trades, or those used only for limited purposes such as to execute syndicated trades. In any case, a

diligence evaluation may not disclose all risks, and no diligence evaluation can eliminate the risk that a counterparty will fail.

MCM cannot immunize client accounts from broker or counterparty risks, which must ultimately be borne by clients. In the event that a broker or counterparty declares bankruptcy, becomes insolvent or is otherwise unable or unwilling to honor its obligations during the pendency of a trade, trades may fail to be executed or settled, and client assets committed to such trades could be impaired. If a broker or counterparty in a principal trade cannot complete a trade, clients might not promptly receive securities or instruments for which they have paid, or might not promptly receive consideration in return for securities or instruments sold.

In addition, while failed trades often may not result in a loss of clients' cash or securities, clients whose accounts participate in trades with brokers or counterparties that declare bankruptcy, become insolvent or otherwise are unable or unwilling to settle transactions, might lose gains that may have been obtained with respect to the security or instrument not delivered, or might sustain losses on securities held that otherwise would have been avoided had the counterparty completed the sale transaction. Failure to complete trades might also result in other opportunities being lost as a result of an account's diminished ability to take advantage of them.

Monitoring of Trade Quality. MCM monitors ongoing trades that are executed on its trading desk by evaluating different factors, depending upon the nature of the financial instrument being traded. Considerations evaluated may include, among others, the investment goal, the overall market, the current market price, bid and ask, volume and high and low prices, venue and broker selection, the broker's presentation of the trade to the market in light of trading volume and market depth, the promptness of feedback and service provided by the broker, the broker's timeliness in finding the other side of the trade and providing prompt execution information, the price obtained by the broker for each portion of the trade, the quality of the broker's management of the order in light of changes in the market, the effectiveness of the broker in protecting MCM's (and its clients) confidentiality, and whether the broker (including an ATS) appears to be providing effective execution, as applicable. MCM may also consider other information such as, without limitation, volume-weighted average price during the trade execution, market graphs, securities trading time data and other data, or costs of order execution. If MCM believes that a broker is not executing a trade effectively, MCM may cancel the balance of the order with such broker and then enter the remaining portion of the order with a different broker or trading system. If a broker's execution performance is seriously deficient, MCM may ask the broker to break and re-execute the trade.

MCM maintains a Trade Management Oversight Committee ("TMOC") that includes representatives of MCM departments generally involved with portfolio management, trading, and operations activities, as well as representatives of MCM's Marketing/Client Services, Legal, and Compliance Departments. The TMOC is responsible for overseeing the implementation of portfolio management and trade management policies and procedures, and for evaluating their effectiveness and evaluating trading effectiveness generally. The TMOC generally considers trade management procedures, evaluates methodologies for assessing the performance of broker-dealers, discusses the nature, volume, and reasonableness of commissions paid, reviews broker ratings, reviews client commission benefit arrangements, including budgets and services provided, and otherwise monitors MCM's performance of its duty to seek best execution. The

TMOOC generally meets semi-annually and at other times if necessary to handle its responsibilities.

When periodically evaluating broker quality or other factors affecting best execution, MCM may use an internal quantitative broker rating system to assist in evaluating particular brokers and other efforts to guide trading practices. Members of MCM's Investment, Trading, and Operations Departments periodically evaluate brokers through a quantitative ratings process, by assembling ratings based on factors such as, but not limited to, resource provision, research or brokerage services provided, service, execution ability, ability to locate natural counterparties, settlements, and other considerations in providing general guidance on the level of business to be executed through any particular broker. (Promotion of the shares of client funds is not a factor considered in broker ratings.) These ratings are helpful as a general check on the execution quality provided by such brokers. The Trading Department and members of the TMOOC also periodically compare ratings with MCM's actual use of those brokers in an effort to confirm whether brokers performing at high levels generally receive an appropriate allocation of brokerage, and provide periodic updates about these comparisons to the TMOOC.

While MCM seeks best execution of all client trades it oversees, it may not always be able to achieve it, particularly when clients restrict opportunities to use diverse trading options, request that MCM use a particular broker or bank custodian (including wrap program sponsors or affiliates), or when MCM must place foreign exchange transactions with client-selected custodians or other counterparties for execution, as also noted in the discussions of Client-Directed Brokerage and Brokerage Arrangements for Wrap Fee Program Clients below.

Order of Execution of Trade Orders for Clients

MCM may place similar trade orders for a variety of different client accounts or groups, including investment companies, Private Accounts, and wrap fee program participants. MCM generally seeks to ensure that trade orders for different client groups, including accounts for related persons of MCM, are executed in a fair order over the long term, and that no client group is unfairly disadvantaged.

Trades for different client groups often may be aggregated and traded at the same time with one or more brokers to obtain the efficiencies potentially available on larger transactions. (Aggregation of trades is further discussed in **Item 11** above under the heading **Allocation of Investment Opportunities and Shares of Investments**.) Simultaneous execution of trades for different client groups may be appropriate, for example, when trades for one group of client accounts are smaller while trades for another group are large, when trades for different accounts can be executed on different venues that are not expected to directly intersect or materially impact one another, or when the overall trading or market volume in a security is large compared to the size of proposed trades.

Same-security trades for different client groups will not necessarily overlap in time. MCM generally places each trade order with a trading venue once the order is ready for execution. For a variety of reasons, including the different investment guidelines that apply to different clients or strategies, different cash availability, and other circumstances, portfolio managers may make investment decisions for some clients (such as wrap fee program accounts) at different times than decisions for other clients, or trade orders may take longer to prepare for some clients than for others. Trades placed first may have the potential to obtain better purchase prices or sale

proceeds (or in some cases worse prices or proceeds), especially with respect to large orders or less liquid securities.

Client directions to execute trades through a single designated broker may also affect the order of execution by delaying the execution of trade orders for the directing client, as MCM may have an opportunity to obtain favorable execution from another broker for other accounts not affected by a broker designation. For this and other reasons, MCM may at times execute trade orders for wrap accounts and other accounts that direct the use of a particular broker-dealer after the completion of trades for other accounts that do not impose such restrictions. This could have potential adverse or beneficial effects on such later-executed trades depending on market movements.

In addition, if simultaneous execution of larger trades with multiple brokers has the potential to adversely affect the market for a security by, for example, implying greatly exaggerated demand or supply or by materially moving the market price for the security, or is otherwise not appropriate, MCM may instead execute separate orders in the order in which they were received, place a trade for each client group in turn, one group at a time (or one portion of a group's trade at a time), rather than simultaneously, or may combine the orders and use a step-out arrangement to execute the trade through one broker while crediting or clearing the trade through other brokers. Under this approach, MCM may rotate among client groups in a random order, so that trades for one group are placed first at times, while others go first at other times, or follow another equitable variable rotation method. If circumstances warrant, MCM may instead follow a fixed rotation, under which trades for different groups alternate in a regular order.

Brokerage Arrangements for Wrap Fee Program Participants

As explained in **Item 4: Advisory Business** above, wrap fee program participants generally pay the program sponsor a single fee, or wrap fee, that is intended to cover most costs including most trading costs. Participants generally expect the sponsor or an affiliated broker to execute most wrap trades, using a portion of the wrap fee to pay brokerage commissions. Thus, the decision to participate in a wrap fee program generally is an effective decision to direct most brokerage for the wrap account to the sponsor or an affiliated broker, although separately managed account ("SMA") wrap program participants or sponsors may in some cases authorize the use of other brokers in circumstances when an investment manager deems it appropriate, such as when MCM believes that temporary opportunities may be available through the other broker. The use of another broker may at times require the payment by participants of additional commissions or other charges such as broker-dealer spreads or mark-ups, which may not always be transparent to participants.

In accordance with this implied direction by wrap program participants of most of their trades to a single broker, CMIA and MCM send most trades for SMA wrap fee program participants to the sponsor or an affiliated broker for execution. In the alternative, under UMA wrap programs, trades are generally originated, directed, and executed by the sponsor rather than by CMIA or MCM. MCM generally has conditional trading authority for UMA assets.

Wrap fee program participants should be aware that even when trades are executed through the sponsor or an affiliated broker, the executing broker might at times charge implicit spreads or mark-ups (the existence and size of which MCM generally is unaware) or charge explicit commissions, and that agreements between sponsors and participants may require wrap

participants to bear these and other supplemental trading costs in addition to the wrap fee itself. These costs may not always be transparent to participants.

In serving SMA wrap program participants, CMIA typically oversees and monitors trades. MCM may also monitor the execution of certain larger trades to the limited extent that it is able to do so, and seeks effective trade executions whenever possible. MCM also may seek to execute some large SMA wrap trades itself in unusual circumstances.

Based on MCM's limited information about trade execution in SMA programs, it believes that wrap fee sponsors (or the brokers designated by the sponsors) usually provide reasonable execution of wrap program trades. In unusual cases, if MCM receives information that leads it to believe that trade quality may be substantially less than optimal, MCM may attempt to notify the sponsor of any material concerns it may have about trading issues.

Wrap program participants should be aware that the quality of trade executions could vary at times because participants effectively direct most trades to be executed through the sponsor or an affiliated broker. Decisions by clients to direct most brokerage to the sponsor generally prevent the use of other brokers that might execute some trades more efficiently, and may prevent the receipt of potential benefits associated with the bunching of wrap fee program trades with other trades sent to other brokers.

MCM may execute trade orders for SMA wrap accounts after the completion of trades for other accounts that do not impose restrictions on the use of a broker. When handling trade orders for multiple wrap programs, trades for different programs may be executed in a fixed, random, or variable rotation because of the need to use a different designated broker for each program. The order of execution could affect prices paid or received and account performance.

MCM at times may seek to take advantage of temporary opportunities to obtain favorable execution from a broker not affiliated with the wrap sponsor, such as by executing trades for SMA or UMA wrap fee accounts with another broker, or aggregating wrap account trades with trades for non-wrap accounts in various circumstances when MCM believes that best execution may be available through such approaches. For example, MCM occasionally may seek to execute wrap orders through a sponsoring broker's electronic algorithmic trading systems instead of its wrap trading desk, or may combine wrap account orders with other client orders to be executed by another broker that is committing its own capital to facilitate a large block trade, or execute trades of foreign ordinary shares through a broker that converts them to ADRs and forwards them to the wrap sponsor for distribution to client accounts.

If a non-sponsor broker executes a wrap program trade, that broker might at times require additional commissions or other charges such as broker-dealer spreads or mark-ups. If the wrap program does not make funds available to pay a non-sponsor executing broker for executing wrap program trades, MCM may ask the executing broker to execute those trades without receiving a significant commission, and to transfer (or step out) the wrap portion of the trades to the wrap sponsor or the broker designated by the sponsor. Step-outs have the potential to affect execution quality, because the executing broker's incentives may be reduced since it may not be paid a commission for the stepped-out portion of the trade.

For all of the reasons noted above, although MCM makes considerable efforts to seek best execution of securities trades for SMA wrap program participants and to enhance trade quality if

issues arise, wrap fee program clients should understand that their securities trades might not always receive best execution.

Client Commission Benefits or Soft Dollars

Traditional Client Commission Benefits. When selecting a broker or ATS to execute certain client securities transactions, MCM often considers the broker's ability to provide research and brokerage services to MCM and its clients ("soft dollar benefits" or "client commission benefits"). These client commission benefits are paid for by client accounts through their payment of commissions for trades executed by brokers. Client commission benefits may include a variety of brokerage services and resources such as broker capital commitment, trade communications, and settlement services, and may also include research, investment information, or other services provided by the broker (either directly or through third parties) that are expected to enhance MCM's general portfolio management capabilities. These services benefit clients as well as MCM itself, and in some cases may be unobtainable without the payment of commissions to the providing broker.

Client commission benefits represent a potential conflict between the interests of the client and the money manager because they permit the money manager to obtain products or services that benefit the manager (and its clients) without using the manager's own resources to produce or pay for them. In addition, a manager may have an incentive to select brokers or ATSs that provide client commission benefits over alternative execution venues that do not offer such benefits and may charge less for executing securities transactions. Certain client commission benefits practices may benefit some clients more than others. For example, one client whose brokerage assists in paying for client commission benefits may not be the beneficiary of those products or services, and another client may benefit even though that client's account was not involved in paying for those benefits. Applicable law and SEC guidance address these potential conflicts of interest by requiring certain safeguards to apply in arrangements for client commission benefits.

MCM's client commission benefits arrangements are intended to meet the requirements for qualification for the safe harbor under Section 28(e) of the Securities Exchange Act of 1934, as amended ("Exchange Act"), as interpreted by the SEC, including SEC Release No. 34-54165 (July 18, 2006) (the "2006 Release"), and any applicable requirements under ERISA.

- MCM must have investment discretion over broker selection for client trades involving client commission benefits, and must seek best execution of such trades to the best of its ability.
- In connection with client commission benefits received, MCM seeks to make general determinations in good faith that:
 - Client commission benefits constitute "eligible" research and/or brokerage services under the statutory requirements of Section 28(e)(3)(A), (B), or (C) of the Exchange Act as interpreted by the SEC, including in the 2006 Release;
 - Client commission benefits provide lawful and appropriate assistance to MCM in the performance of its investment decision-making responsibilities; and

- The amounts of client commissions paid are believed, in good faith, to be reasonable in relation to the value of all services and benefits provided by a broker or ATS, including the value of client commission benefits provided plus the value of other services provided, either in connection with a particular trade or in the overall course of dealings with that broker.
- Client commission benefits must be paid for or otherwise “provided by” a broker, and the broker must participate at least indirectly in the handling of trades for clients by participating in execution, clearance and settlement, “step-outs,” or other trading functions in a manner consistent with the 2006 Release.
- Client commission benefits must be obtained in connection with eligible agency trades or riskless principal trades involving appropriately disclosed charges.
- Consistent with the safe harbor under Section 28(e) of the Exchange Act and SEC guidance, brokerage commissions generated by one account may be used to pay for research or brokerage services that assist MCM in carrying out its investment-related responsibilities for that or other accounts, without tracing specific benefits received to commissions paid by each account.

Client commission benefits received by MCM include “proprietary” research or brokerage services made available by a broker that executes client transactions, and “third-party” benefits made available by a third-party broker or by another service provider paid by an executing broker. Under a proprietary arrangement, executing brokers and ATSs provide their internally produced research and services and brokerage-related products and services to MCM. Under third party arrangements, third parties make available to MCM research or other products or services by arrangement with a broker.

Some of the products and services (proprietary and third-party) that may be provided by a broker to MCM through client commission benefits arrangements may include, without limitation:

- introductions to corporate executives, access to brokers analysts, economists, government officials;
- market and economic data, including data providing market color and execution strategies (such as market quotes, volumes, etc.), legislative developments, economic factors, trends, portfolio strategy;
- software that analyzes securities and portfolios;
- specialized publications such as financial newsletters, trade magazines, and other publications intended to serve narrowly defined markets;
- brokerage services relating to trade execution, willingness to commit capital, block trading capability, participation in “stop-loss” orders, clearance, and settlement;
- components of order execution systems (such as trade matching systems and market data, including systems providing live market data from exchanges/markets);
- trade and other communications services related to the execution, clearing, and settlement of securities transactions;
- dedicated communications lines (such as Financial Information eXchange (“FIX”) Protocol facilities); and

- trading software that routes trades to markets, algorithmic trading software, and functions incidental to such trading software.

MCM believes that research such as that identified above benefits clients generally by providing MCM access to sources of research information that often facilitates better investment decisions, thereby potentially enhancing the quality of investment advice and lowering the cost of providing services to clients.

Brokerage services benefit clients by helping MCM to execute trades for client accounts as effectively as possible, potentially facilitating more efficient trades, lowering the cost of trades, and assisting MCM in achieving its overall investment goals. Some examples of brokerage services include the broker's search for market liquidity, significant assistance in working difficult trades, and access to the broker's own capital, including an agreement by the broker to purchase a large position from MCM or to sell a large block to MCM from the broker's own inventory. MCM also receives valuable capital commitment assistance in completing trades through the provision of "stop limit" orders which can serve an important role in assisting MCM in achieving its overall investment goals for clients.

Many proprietary client commission benefit services are not made available by brokers on a stand-alone basis, are not assigned a definitive cost or value by the broker, and are not available for purchase with "hard dollars." Instead, these services are generally bundled with execution expenses, and the costs of paying brokers for proprietary research and brokerage may not be separable from execution expenses, may be known only to the broker, or may not be shared with money managers. For these reasons, it is not feasible for a money manager to conclusively establish with any precision that commissions paid match the proprietary services provided, although MCM believes that the client commissions paid for broker proprietary services it receives are reasonable.

As contemplated by applicable law and SEC guidance governing soft dollar arrangements, most client accounts generally pay some portion of their overall agency brokerage commissions for brokerage and research products and services. The overall contribution of any particular MCM account necessarily varies depending on factors such as the account's size, the nature of the investment strategy used to manage the account (*e.g.*, U.S., global, international), differences in relative commissions paid on different markets (*e.g.*, commissions for foreign trades may be higher at times than commissions for U.S. trades), the amount of trading done for the account, cash flows into and out of the account, the nature of the brokers or brokerage services used to execute trades for the account, the extent to which the client directs brokerage for the account, the availability of ATSs to execute trades, compensation arrangements with each broker or ATS, differences in the types of client commission benefits offered by different brokers or third party service providers, and other factors. Some client accounts may contribute more of their brokerage commissions toward obtaining client commission benefits than other accounts do. Some accounts could potentially pay for research relating to investments that those accounts are restricted from owning.

Other types of client accounts may make few or no payments for client commission benefits, although they may benefit from research or brokerage services to the same extent as client accounts that do contribute. For example, wrap program accounts or model-only portfolios may not contribute to client commission benefits because they sharply limit brokerage discretion or receive a lower level of services. Applicable law does not require an investment adviser to

allocate particular client commission benefits only to clients who pay for them, or to withhold such benefits from other clients, which would be virtually impossible in practice.

MCM generally seeks to minimize its use of “mixed use” soft dollar arrangements -- that is, arrangements in which products or services obtained in return for soft dollars are used for purposes that are eligible under Section 28(e) of the Securities Exchange Act of 1934, and also used for other purposes. MCM does have arrangements in which it receives from a vendor both eligible soft dollar products or services to be paid for with client commissions, and separate “hard dollar” products or services to be paid for by MCM. In such a case, MCM generally pays a separate invoice for the hard dollar items, and either obtains distinct non-overlapping products or services, is charged a vendor-set price, or is charged a comparable per-item price for items with both soft dollar and hard dollar uses. In the event that MCM does enter into a “mixed-use” arrangement that does not involve separate charges, MCM generally will prepare a third party commission benefits approval form, and maintain records documenting the allocation of client commissions to eligible soft dollar uses and MCM’s own money to any ineligible uses.

Commission Sharing Arrangements. MCM typically obtains a substantial portion of its client commission benefits through commission-sharing arrangements (“CSAs”) with selected brokers. CSA brokers may at times include electronic ATSS that execute many trades for MCM clients at lower commissions. They may at times also include full service brokers that execute large trades and provide useful brokerage services such as finding liquidity and providing broker capital. MCM believes these types of SEC-authorized arrangements significantly benefit MCM and its clients by allowing MCM to trade with selected brokers that it believes efficiently provide the highest quality execution services, while setting aside a portion of the commissions generated by those brokers to pay for research and brokerage services offered by third party brokers or service providers that may not execute trades as efficiently if they execute trades at all.

Under CSAs, MCM arranges with executing brokers to allocate a portion of total commissions paid on certain agency transactions to a pool of “credits” maintained by the broker that can be used to obtain client commission benefits made available by third-party service-providers. After accumulating a number of credits within the pool, MCM may direct that the broker use those credits to pay appropriate third-party service-providers for eligible client commission benefits made available to the money manager and “provided by” the broker.

MCM seeks to match the level of credits accumulated in pools held by various brokers with its anticipated client commission benefits requirements, but may have temporary surpluses or deficits depending on factors such as the timing of billings for qualifying products or services, the level of trading being executed by MCM, and the nature of the executions, among other considerations. From time to time, MCM will alter the brokers that are currently maintaining pools of credits for clients, as well as the percentages and nature of the commissions from eligible agency trades that CSA brokers allocate to these pools, based on factors such as an evaluation of expected trading volumes, trends, current CSA balances, and client commission benefits obligations.

MCM does not own the pools of credits maintained with brokers in connection with CSAs, although agreements with CSA brokers typically authorize MCM to request that the broker consider using pool credits to pay service providers as recommended by MCM. MCM generally has little or no direct control over these pools. In accordance with SEC requirements for CSAs, brokers maintaining such pools may disclaim any affirmative obligations to disburse those

credits under certain circumstances, and questions could arise regarding to whom such credits belong. In the event that a broker merges with another broker or declares bankruptcy or in other situations, there can be no assurance that pools of credits accumulated as a result of client brokerage will necessarily be maintained or preserved for the benefit of MCM or its clients, and these credits could be lost. MCM seeks to monitor CSA pool balances and reasonably budget pool balances and flows to reduce these risks, although it cannot eliminate them altogether.

Commissions for Trades on Securities Exchanges

MCM may pay higher or lower commissions to different brokers that provide different categories of services. Under this approach, MCM may periodically classify brokers into different categories based on execution abilities, the availability and quality of research, brokerage services, commitment of capital, block trading capability, ability to locate liquidity, speed and responsiveness, or other services provided by the brokers. Some examples of these categories may include, without limitation, full service brokers, ATSS, and execution-only brokers. MCM may typically pay higher commissions to brokers for providing higher quality and more comprehensive services, and lower commissions for less comprehensive services such as algorithm executions. MCM generally pays commissions in the range of \$0.04 per share to top-tier broker-dealers for full-service domestic transactions. MCM generally pays lower rates in the range of \$0.02 per share or less to certain execution-only brokers and ATSS.

Commissions on foreign securities trades vary depending on the particular foreign market where they are executed. Foreign trade commissions are typically assessed as a percentage of the value of the security being traded rather than on a cents-per-share basis, and MCM may pay higher commissions for foreign full-service trades than it does for electronic executions. As a result, foreign securities execution costs generally are relatively higher than U.S. commissions. For typical agency trades, MCM may pay foreign commissions ranging from approximately 5-10 basis points for electronic trades to 30 basis points for full service trades in some emerging markets.

Effects of “Step-Out” Transactions

“Step-out” transactions occur when one broker executes a trade while permitting certain other responsibilities with respect to the trade, *e.g.*, clearance and settlement, to be handled by another broker, thus allowing some portion of the commission to be credited to that broker. In these transactions, the broker that executes the trade “steps aside” to permit a portion of the commission to be paid to another broker. Step-out transactions could occasionally be employed to implement a client’s decision to direct brokerage commissions to the other broker, or MCM’s decision to compensate the other broker for providing (or paying for) brokerage or research services that generally benefit MCM and its clients, as discussed in the “Client-Directed Brokerage” and “Client Commission Benefits or Soft Dollars” sections above. The executing broker generally earns a reduced profit from step-out transactions, and receives a smaller portion of the total commission dollars to cover its execution costs, internal clearing costs, correspondent broker or other costs.

Although MCM typically would select the executing broker based on the belief that the executing broker is likely to provide best execution, some step-out arrangements might have the potential to adversely affect execution quality over the long run, because the executing broker’s

incentives to provide best execution might be reduced by the reduced commissions typically payable to it in such arrangements.

In recent years, money managers, brokers, and clients have tended to make less frequent use of step-out arrangements because of factors such as declining commission rates, more consolidation of brokerage with key trading partners, confidentiality concerns, and the greater use of commission sharing arrangements and other more efficient arrangements for using commissions to facilitate the provision of additional services to advisers and their clients. For these reasons, step-outs are used infrequently.

Principal Trades Generally

As described in the “Best Execution” section above, MCM may at times execute securities trades with a broker that acts as principal instead of as agent, using its own balance sheet or inventory to take the other side of a trade. For example, if MCM’s investment goal calls for buying or selling a sizable block of securities in a short time, it may ask a broker to act as the counterparty using the broker’s own capital or securities inventory to facilitate the trade. The prices at which principal trades are executed may be higher (or lower) than the current market prices for affected securities. The trade may include spreads or commissions payable to the broker acting as principal in a block or principal transaction, which may not be fully transparent and may be higher than other spreads or commissions.

Principal trades can play an important part in meeting MCM’s investment goals, such as completing large or smaller trades before security prices move in an unfavorable direction. These trades traditionally have been a key tool in MCM’s menu of trading alternatives, and MCM believes that the net trading and investment results of such principal trades are often beneficial to its clients.

At times, a broker executing transactions for MCM on an agency basis may complete a transaction by purchasing the remainder of the trade on a principal basis, or by filling the order from its own holdings. MCM may not be aware of occasions when this type of principal trade activity may be occurring.

Internal Cross Trades

An internal cross trade is a commission-free transaction in which MCM pairs a buy order for one client account with a sell order for another client account. MCM may cause a client account to participate in an internal cross trade with another client account when, for example, one account is trimming security positions to raise cash while another account is buying the same securities. An internal cross trade may benefit clients on both sides of the trade by eliminating the need to find another buyer or seller, eliminating attendant market impact, avoiding the need to pay commissions to a broker to execute the trade (other than limited clearing fees that may apply). In general, securities transferred in internal cross trades are priced using independently determined market pricing information.

Internal cross trades must comply with restrictions designed to ensure that trades are fair and in the best interests of the clients involved in the trade. Under these restrictions, only eligible accounts may participate, MCM receives no fee (other than its standard advisory fee), MCM seeks best execution for the clients involved, and MCM seeks to ensure that no participating

client is harmed by the cross trade. If an investment company client participates, similar provisions apply, including the requirements that a cross trade generally must be effected at an independently determined current market price, clients may not pay brokerage commissions or transaction fees other than transfer fees, and other requirements. Some clients, such as certain ERISA plans and accounts in which an affiliated person of MCM owns a significant interest, cannot ordinarily participate in internal cross trades.

Because of legal or practical or account-specific restrictions on internal cross trades for certain types of accounts, these trades may be difficult to arrange in many circumstances, and MCM has no obligation to effect any internal cross trade for any client under any circumstances.

Brokerage for Client Referrals

MCM does not allocate trades to brokers in exchange for broker referrals of clients to MCM. As required by applicable rules, MCM seeks to ensure, when selecting brokers to execute trades for mutual funds that are advised or sub-advised by MCM, that: (i) MCM does not knowingly consider broker promotion or sales of those mutual fund shares or other client referrals as a factor in selecting brokers to execute portfolio securities transactions for those funds; and (ii) MCM does not indirectly compensate brokers that promote or sell the shares of mutual funds advised or sub-advised by MCM for such promotion or sales by participating in “step out” or other arrangements in which the selling broker receives a portion of the commission.

However, MCM may execute portfolio brokerage or principal transactions using brokers that promote or sell the shares of mutual funds advised or sub-advised by MCM for reasons not related to the promotion or sale of shares of a client fund, such as to meet MCM’s obligation to seek best execution for all portfolio securities brokerage transactions.

Client-Directed Brokerage

In certain circumstances, a client may request in writing that MCM use a broker designated by the client to execute a certain type, number, or percentage of the transactions for the client’s account because the designated broker provides certain benefits directly to the client. If and to the extent that MCM agrees in writing, MCM in its sole discretion may use its best efforts to comply with such requests. Clients should understand that all such efforts are subject to the disclosures set forth in this Part 2A and other documents. MCM neither recommends, requests, nor requires that clients engage in client-directed brokerage arrangements.

MCM generally limits “client-directed brokerage” arrangements to a portion of all trades for a client’s account, often in the context of account inflows and outflows, on an annual basis to protect trade execution quality for the directing client and other clients. MCM generally uses its best efforts to meet the target threshold, but in many cases may not be able to do so.

Based on developments that MCM has observed over the past few years, such as the withdrawal of many broker-dealers from client-directed brokerage/commission recapture networks/programs, reductions in overall commission levels, and the growing prominence of commission-sharing arrangements, opportunities for MCM’s clients to meaningfully participate in these types of client-directed brokerage programs have declined, making it increasingly difficult to satisfy client-requested target thresholds. MCM’s ability to direct trades to client-designated brokers may be hampered by these developments. MCM generally has managed to

generate recapture credits on relatively small percentages of client trades in recent years. The low per-share commissions that MCM pays for client trade executions with certain brokers that participate in client-directed brokerage programs may reduce or eliminate any recapture credits generated by account trades.

A client that seeks to initiate a directed brokerage arrangement makes the arrangement with the designated broker. The designated broker typically may agree with the client to rebate certain commissions to the client, pay costs incurred by the client, or provide administration, consulting, performance calculation, or other services negotiated by the client in return for commissions from client-directed trades.

When a client instructs MCM to direct a portion of the securities transactions for its account to a designated broker, the client effectively makes a decision to retain, to the extent of the direction, the discretion that MCM otherwise would be given by the client to select broker-dealers to effect transactions. The directing client, not MCM, has evaluated and negotiated broker commissions and other terms of trade, the broker's execution quality, and the services or other benefits to be received. Other factors relevant to best execution also may be beyond MCM's knowledge or control.

MCM works to minimize any adverse effects associated with client-directed brokerage arrangements. In some cases, MCM can execute client-directed trades as part of its normal trading flow, if any, with the designated broker. While MCM endeavors to execute trades with designated brokers as efficiently as possible, MCM typically lacks information about the nature, quality, and quantity of the services provided and their value to the client. As a result, MCM is not in a position to fully evaluate the quality of execution of the directed trades by the designated broker, and it is solely the client's responsibility to satisfy itself concerning the adequacy of those arrangements.

A client that is considering a directed brokerage arrangement should consider carefully whether the designated broker's commissions, execution, clearance and settlement capabilities, and any fees or services or other benefits to be paid or provided by the broker-dealer to the client, will be comparable to the terms that MCM or the client could obtain without directed brokerage.

Because natural opportunities to trade through designated brokers may arise only infrequently, MCM occasionally may use "step-out" trades to facilitate participation in directed brokerage trades by a non-executing designated broker, although step-outs are used infrequently as discussed above in the section entitled "Effects of Step-out Transactions."

Trades for accounts seeking to direct brokerage may not be aggregated with other trades, could cost more through higher commissions or the loss of volume, timing, or execution benefits of participating in trades with other clients, and may be executed before or after trades for other client accounts. In addition, the designated broker may not be as efficient in executing transactions as another broker would be, or may have other disadvantages (such as less favorable service, or unfavorable market or price movements) because directed trades may have to be executed at different times or on different terms compared to non-directed trades.

Although client-directed trades may not be disadvantaged and could achieve superior results at times, MCM cannot assure that best execution of directed trades will always occur, or accept

responsibility for any liabilities that any party may incur as a result of directed brokerage arrangements.

Commission Recapture Arrangements for the Marsico Funds

Under certain commission recapture agreements entered into by the Marsico Funds, MCM may cause a portion of the Funds' brokerage transactions to be executed by a designated broker that uses a portion of commissions paid by the Funds to the broker to pay non-distribution-related administrative expenses that the Funds otherwise would have to pay in cash. For example, commissions paid to a broker affiliated with a "fund supermarket" may assist in reducing administrative expenses charged by the supermarket for services such as recordkeeping in maintaining shareholder accounts. These commission recapture arrangements may benefit the Funds by reducing the Funds' administrative expenses.

In particular, to facilitate best execution, MCM may aggregate Marsico Fund trades with other clients' trades, execute the trades through a non-designated broker, and cause a portion of the commissions attributable to the Marsico Funds' positions to be "stepped out" to the designated broker. Commission recapture transactions might benefit MCM indirectly by slightly lowering Fund expense ratios and thereby making Fund shares more attractive to investors. Commission recapture transactions generally would not occur in Fund portfolios whose administrative expenses are being paid in part by MCM pursuant to certain expense limitation agreements.

Few brokers offer the functions needed to implement ideal commission recapture arrangement for the Marsico Funds. As a result, the Marsico Funds are unlikely to make substantial use of commission recapture arrangements with brokers in the near future.

Item 13. Review of Accounts

MCM and each of its portfolio managers generally provide investment advice and supervision to each client account managed or co-managed by that portfolio manager (subject to limitations regarding wrap fee program accounts discussed below). Each portfolio manager continuously monitors his or her client accounts. Portfolio managers receive daily information about security positions in account portfolios and account performance.

The Compliance Department uses computerized compliance monitoring software to assist in monitoring non-wrap program portfolios' compliance with client investment policies and regulatory restrictions, and periodically conducts other reviews of certain portfolios. (CMIA generally monitors non-UMA wrap program portfolio compliance.) MCM's Operations staff may review securities positions in accounts from time to time, and reconcile account information at least monthly to available records kept by other persons, such as available custodial records or broker confirmations. MCM's Accounting, Marketing/Client Services, and Compliance staff also periodically review and analyze account performance and related matters. If any question arises about an account, MCM promptly reviews the account in detail, notifies the client if a significant issue is detected, and resolves the issue promptly.

MCM provides at least quarterly account statements to many clients. MCM encourages all clients to carefully review those statements and any statements received from other service providers such as custodians as a check on investment holdings and activity in their accounts, to

compare statements received from other service providers with statements received from MCM, and to notify MCM promptly if they have any questions.

In the case of accounts for participants in wrap fee programs, as discussed in **Item 4: Advisory Business** above, the wrap fee sponsor and the participant are primarily responsible for ensuring that the services provided by the program and each investment manager or sub-adviser are suitable for each participant's needs. Due to the structure of most wrap fee programs, MCM cannot provide the same level of client relationship services to wrap participants that it may provide to other clients. MCM, through CMIA, does make itself reasonably available for consultation with the sponsor and the participant or its representative, and CMIA generally monitors wrap program portfolio compliance with assistance from MCM as requested.

MCM's Compliance Program. MCM maintains a compliance program that is generally designed to guide MCM's compliance with applicable laws and rules and to seek to prevent, detect, and correct violations of relevant legal requirements and other conditions such as applicable client guidelines. The primary elements of MCM's compliance program include the creation, implementation, and ongoing maintenance of documented policies and procedures that seek to accurately reflect the operations of MCM's business and to prevent violations of applicable law. The development and implementation of these policies and procedures are joint responsibilities shared by MCM's management, the Compliance Department, the Legal Department, and other business units. MCM's Chief Compliance Officer, with the support of MCM's staff, oversees the administration of the compliance program.

MCM devotes considerable time and resources to ensuring that its compliance policies are comprehensive and effective, and seeks to correct any material violations of its compliance policies promptly once they are detected. Of course, any compliance program has limitations, and no program can prevent, detect, or correct every potential violation of applicable law, client guidelines, or internal policies and procedures.

Class Action Policy and Procedures. A client of MCM might at times become eligible to assert claims against third parties, such as issuers of securities that are or were held in a client's account. For example, following the commencement of a shareholder class action against such an issuer of securities, a court may issue a written notice ("claim eligibility notice") stating that persons who owned such securities during particular periods may be entitled to submit a proof of claim seeking a share of any proceeds that may become payable as a result of the shareholder class action.

Receiving and responding to claim eligibility notices is primarily the responsibility of the client and its custodian bank or portfolio accountant. MCM cannot accept primary responsibility for giving notice of, filing, collecting, or otherwise taking any action on any claims that a client may be entitled to assert in securities class action lawsuits or other legal actions relating to any securities held (or formerly held) in a client account.

As an investment adviser or sub-adviser, MCM may play a limited voluntary role in assisting clients in handling claims, such as, upon request, forwarding information that it receives concerning such legal actions to clients or their custodians. Although MCM has no specific obligations to process claim eligibility notices, if a current client requests MCM's assistance, MCM will, as a courtesy, use its best efforts to forward to the client or its custodian or other representative material information that MCM receives regarding class actions concerning

securities that are or were held in the client's account, and provide other limited assistance in processing such notices. MCM's assistance to clients in these matters will generally end upon termination of the client relationship.

From time to time, MCM may be solicited by law firms to participate as lead plaintiff or a named plaintiff in class action litigation or other litigation involving securities held in client accounts. On rare occasions, a defendant in such litigation could also be a client of MCM, or maintain other business relationships with MCM or its parent companies.

In general, for reasons including MCM's status as a passive investor that does not generally seek to influence or control the management of companies it invests in, potential concerns about the publication of clients' names as plaintiffs, the absence of clear grants of authority by clients to MCM to file lawsuits on their behalf, and the responsibility of clients to handle direct litigation themselves, MCM does not participate as lead plaintiff or a named plaintiff in litigating class action lawsuits, or otherwise assume an active role in such cases. As discussed above, MCM will, upon a client's request, use its best efforts to forward to the client or its representative material information that MCM receives regarding class actions concerning securities held (or formerly held) in the client's account so that the client may exercise any options presented.

"Opt-Out" Legal Actions. Law firms at times approach MCM to inquire whether MCM or its clients may wish to "opt out" of settlements of class actions in favor of independently pursuing remedies against a defendant issuer. If an opt-out action is successful, the potential recovery for clients in some circumstances might be substantially greater than the recovery available in a class action settlement. As in the case of class actions, MCM believes that a decision to bring an action against an issuer and opt out of a class action settlement could appear inconsistent with MCM's status as a passive investor, present concerns about the potential publication of clients' names as plaintiffs, and would fit more appropriately within clients' responsibility to handle direct litigation themselves.

Further, MCM believes that a decision to opt out of a class action settlement and file a separate suit is a serious undertaking requiring substantial analysis, expertise, commitment, time, and other resources that may not always be available. Such a decision could substantially increase the costs, burdens, and risks of litigation compared to class action settlements, forfeit the benefits of class action settlements, present potential conflicts of interest or administrative complications for clients and MCM, require legal fees and substantial costs, time commitments, and other burdens, and be a difficult, expensive, and speculative commitment that clients might not choose to undertake after conducting a cost-benefit analysis. As a result, MCM typically does not accept law firm invitations to opt out of a class action settlement on behalf of clients, and does not forward such invitations to clients, make recommendations as to whether clients should opt out of class action settlements, or provide client contact information to law firms seeking opt-out representations.

In unusual circumstances, such as if an issuer's management appears to have made material misrepresentations directly to MCM that caused serious financial harm to client accounts, or engaged in other apparent misconduct causing substantial harm to client accounts that, in MCM's view, may not be adequately redressed by a class action, MCM may consider assisting certain clients in opting out of a class action to bring suit on their own behalf, if and to the extent that clients requested assistance and it was reasonable and feasible for MCM to provide it.

Participating clients may have to delegate clear authority to counsel and MCM, relinquish their ability to control such litigation, and hold MCM harmless from liability for their participation in an opt-out lawsuit. In these circumstances, MCM may assist only clients that requested assistance, and would not be required to notify any clients or assist or participate on behalf of any clients.

In addition, clients participating in an opt-out lawsuit would face substantial risks. Many other clients likely would choose not to participate in the lawsuit. Clients that opt out would forfeit participation in class action settlements or other proceeds, and might receive less than they otherwise would have, or could recover nothing at all. There would be no assurances that participating clients would receive greater compensation by opting out of the class action than they would by remaining in the class. Clients might receive any relief in an opt-out action only long after they would have received payment of a class action settlement. Clients would bear significant costs, time commitments, and other burdens. The experience of each client that opted out would necessarily differ as a result of many factors, including holding periods for securities and the size of the positions held.

Various obstacles could restrict or eliminate MCM's flexibility to assist any client in opting out of a class action, including limited time frames for evaluating potential misconduct by a company, the difficulties of assessing the magnitude of resulting damages and evaluating applicable defenses, the challenge of identifying and retaining suitable counsel, the difficulties of analyzing different clients' portfolio holdings for periods many years in the past, limited time frames for contacting clients and taking action, and the need for rapid responses and authorizations to proceed under court deadlines that may apply. If MCM did assist certain clients in opting out of a class action and commencing their own lawsuit, because of the risks and other factors discussed above, MCM may not be able to determine which other clients might have an opportunity to opt out, or give notice of the opportunity to opt out to any or all clients or former clients that might potentially participate.

Non-U.S. "Opt-In" Legal Actions. Many non-U.S. jurisdictions do not provide for a legal remedy identical to the U.S. class action. Some jurisdictions may recognize other types of collective legal actions by current or former shareholders against an issuing company that engaged in fraudulent or misleading conduct or other malfeasance.

MCM occasionally receives solicitations from third party service providers to participate in or "opt in" to certain non-U.S. collective legal actions in foreign jurisdictions relating to foreign securities held (or formerly held) in client accounts. These actions generally require more active participation by claimants than class actions do, presenting some characteristics similar to direct or "opt out" suits discussed above, while also presenting unique characteristics of their own.

As an investment adviser or sub-adviser, MCM may play a limited voluntary role in forwarding information that it receives concerning such non-U.S. opt-in legal actions to clients or their custodians. Although MCM has no specific obligations to forward this information to clients, if a current client requests MCM's assistance, MCM will, as a courtesy, use its best efforts to forward to the client or its custodian or other representative material information that MCM receives regarding non-U.S. opt-in legal actions concerning securities that are or were held in the client's account. MCM's assistance to clients in these matters will generally end upon termination of the client relationship.

For various reasons, MCM believes that “opt-in” participation in these types of non-US legal actions generally may not serve the interests of its clients. In addition to certain reasons cited above for not participating in opt-out actions, other reasons for not participating in foreign opt-in actions include the sometimes unfamiliar nature of such actions for some foreign jurisdictions, uncertainties about the outcome of relatively new processes, judicial and regulatory skepticism or hostility in certain jurisdictions, the potential burdens of substantial discovery or testimony, the potential to face counterclaims or other liabilities for participating in such claims, the lack of legal and factual clarity about potential recoveries, costs, and liabilities before commitments are made regarding the obligations of investors who opt in, potentially onerous contractual requirements regarding costs and other burdens relating to participation, the potential need to pay some expenses on an ongoing basis, and limited expertise regarding certain legal actions and procedures in foreign jurisdictions.

In unusual circumstances analogous to those that might justify assisting clients to participate in opt-out actions, such as if an issuer’s management appears to have made material misrepresentations directly to MCM that caused serious financial harm to client accounts, MCM may consider assisting certain clients in opting into a foreign action, if and to the extent that clients requested assistance and it was reasonable and feasible for MCM to provide it. Clients who chose to opt into such an action might face substantial risks analogous in some respects to those applicable to opt-out actions. If MCM did assist any clients in opting into an action, because of the risks and other factors discussed above, MCM may not be able to determine which other clients may have an opportunity to opt in, or give notice of the opportunity to opt in to any or all clients or former clients that might potentially participate.

Reporting to Clients on Their Accounts. On a quarterly and/or monthly basis, MCM generally furnishes in writing to investment company clients or their agents information such as the five largest portfolio holdings, performance and attribution information, portfolio turnover information, and other information about compliance matters as may be requested by each client. Information contained in the written reports provided by MCM to investment company clients is generally unofficial, informal information derived from MCM’s own systems, and is for clients’ internal purposes only. Such reports do not constitute the official books and records of any investment company, and unofficial information such as estimated performance or turnover reports should not be used as the basis for reporting information to investment company shareholders externally in published standardized mutual fund performance data or otherwise.

MCM generally furnishes written reports to Private Account clients at least quarterly. These reports disclose holdings and performance information regarding the Private Account portfolios.

Wrap fee program clients generally receive account statements from program sponsors at least quarterly.

Item 14. Client Referrals and Other Compensation

MCM, as a matter of policy and practice, does not pay cash referral fees to any persons (whether individuals or entities) for the referral of advisory clients to the firm. MCM’s own personnel are generally compensated based on other criteria, such as the overall performance of MCM and the quality of service provided to clients by MCM personnel. As a result, MCM does not believe

that it faces significant conflicts of interest relating to client referrals or similar compensation arrangements.

MCM receives certain compensation or other limited benefits from non-clients in connection with giving advice to clients. For example, in the ordinary course of business, the principal investment adviser of a mutual fund pays MCM its fees for sub-advising the fund out of the investment advisory fee that the adviser itself has negotiated with the fund. Similarly, a wrap program sponsor typically pays MCM its fees for serving the wrap fee program and its participants from the sponsor's own wrap fee received from participants, rather than requiring participants to pay MCM directly.

Also in the ordinary course of business, broker-dealers provide MCM and its clients with non-cash client commission benefits from broker-dealers or third party service providers in exchange for brokerage commissions in accordance with applicable law and SEC guidance, as described in detail under **Client Commission Benefits or Soft Dollars in Item 12: Brokerage Practices** above.

In its position as investment adviser to the Marsico Funds, MCM may in its sole discretion choose to pay financial intermediaries for expenses for the distribution of Fund shares or for administrative or other expenses incurred by the Fund, using MCM's own resources (which may include profits from providing advisory services to the Marsico Funds and other clients).

Item 15. Custody

MCM does not act as actual custodian of any client account, and does not seek to have physical possession of any client's cash or assets held in any client's account.

Because MCM is affiliated with MFA, the general partner of a private limited partnership for MCM employees which MCM serves as investment adviser, MCM may be deemed to have custody for limited purposes of the assets of the partnership. MCM seeks to comply with pertinent custody requirements of Rule 206(4)-2 under the Advisers Act for such a partnership.

MCM also may be deemed to have limited custody of the assets of certain other client accounts by virtue of direct "fee deduction" authority that some clients grant to MCM. In direct fee deduction arrangements, a client expressly authorizes MCM to instruct the client's custodian to periodically deduct the agreed investment advisory fees directly from the client's account and to pay the fees to MCM. Although these arrangements overseen by an independent custodian do not present the same potential concerns as actual custody, Rule 206(4)-2 under the Advisers Act provides that direct fee deduction arrangements are deemed to be adviser custody for limited purposes, while authorizing an investment adviser to not report them as custody arrangements in certain responses to Form ADV.

To enhance client protections in these deemed custody arrangements, Rule 206(4)-2 generally requires that (a) the actual custodian of the client's account must be a "qualified custodian" as defined in Rule 206(4)-2 under the Advisers Act (generally, a bank or trust company, savings association, registered broker-dealer, registered futures commission merchant, or foreign financial institution), and (b) the adviser must have a reasonable basis, after due inquiry, for believing that the qualified custodian sends an account statement at least quarterly to each client,

identifying the amount of cash and securities in the account at the end of the period and setting forth all transactions in the account during the period.

MCM believes that its direct fee deduction arrangements with clients meet Rule 206(4)-2's requirements. In addition to the other measures noted above, MCM periodically includes a legend on account statements urging clients, as a sensible check on activity in their accounts, to compare account statements they receive from MCM to account statements received from their custodians, and advising them that they should feel free to contact MCM with any questions. Those clients are also reminded to contact MCM if they do not receive access to quarterly account statements from their custodians.

MCM takes steps to avoid receiving unintentional custody of client assets, such as checks made out to clients by third parties. At times, however, trustees of settlement funds and other parties may issue checks made out to MCM or clients in amounts intended for clients as part of settlements or other distributions to investors. When MCM receives such checks or other client assets, it uses best efforts to comply with SEC and staff guidance issued pursuant to Rule 206(4)-2 by causing the assets to be redistributed to clients as quickly as practicable.

Certain factors may make it difficult at times to distribute third-party payments to clients. Distributions may result from events that occurred years earlier, and the paying entity and MCM often do not know which specific clients were affected or in what amounts. In addition, amounts involved in these situations often are minimal, and may not justify costly efforts to distribute them. Despite these obstacles, MCM uses its best efforts to quickly identify affected clients and to distribute amounts thought to be due to them that are received from third parties. Still, MCM may face major challenges and delays in attempting to ascertain which amounts may be due to which clients and in seeking to contact them, and cannot assure that all clients will always receive all amounts potentially thought to be due to them that are received from third parties. If amounts at issue are immaterial, or difficulties exist in distributing amounts, MCM may use its best efforts to make an equitable distribution in good faith to clients clearly affected, or may donate the amounts to a charity of its choice. MCM's assistance to clients in these matters will generally end upon termination of the client relationship.

Item 16. Investment Discretion

MCM believes that it generally serves clients best by exercising broad discretionary authority to determine the type, amount, and price of investments to be bought or sold for its clients, the brokers to be used to execute trades, and other investment-related decisions, subject to each client's stated investment policies, restrictions, and goals and other regulatory or MCM-imposed restrictions that may apply. Unless otherwise agreed upon by the parties, MCM generally assumes discretionary authority over client assets after receipt of a certified list of assets from the client's custodian indicating that the client's account contains the specified assets and that the assets are available for investment by MCM on behalf of the client.

To meet regulatory requirements with respect to certain types of investment vehicles, MCM may accept more limited investment authority in certain contexts. For example, MCM routinely exercises substantial discretion as a sub-adviser to mutual funds subject to broad oversight by the principal manager and fund board, and exercises discretion as manager of ERISA plan or trust assets subject to oversight and shared discretion exercised by a plan fiduciary or a trustee of a

collective investment trust. In addition, clients may at times request that MCM retain certain legacy securities in an account, or keep a designated portion of an account in cash.

Also, as discussed in Item 4 above, in UMA wrap programs, the sponsor assumes a more active role in managing client portfolios using recommendations from investment managers. UMA program clients receive investment management services from the sponsor rather than directly from investment managers, while the sponsor receives services from the investment managers. More specifically, in UMA arrangements, an investment manager such as MCM provides ongoing investment recommendations to the sponsor (or an overlay manager it appoints) in the form of a model portfolio, and provides regular updates to the model portfolio. The sponsor or overlay manager implements the manager's recommendations for clients, most commonly by blending models provided by multiple investment managers to create and manage portfolios deemed suitable for clients. The sponsor or overlay manager also typically originates and implements most trades for UMA portfolios. MCM generally has conditional trading authority for UMA assets.

Like all investment advisers, MCM is subject to certain constraints imposed by regulatory or compliance restrictions applicable to investment advisers generally or to certain clients or issuers of securities. Among other limits, federal, state, or foreign regulatory restrictions, or company-specific ownership limits, may restrict the total percentage of an issuer's securities that MCM can hold, and hence, the types or amounts of securities available to be purchased for client accounts. Analogous limits apply to issuers active in certain regulated industries or certain foreign jurisdictions. Other types of regulatory or compliance limits also could restrict MCM's ability to purchase, hold, or sell certain types or amounts of securities for certain client accounts such as investment companies, ERISA plans, wrap accounts, and other accounts. These limitations could result in certain client portfolios receiving smaller allocations of securities, which could affect account performance. Further, the complexity and/or uncertainty of certain regulatory regimes such as ERISA may cause MCM to manage accounts subject to those laws more conservatively than might be required under law or as permitted under account-specific documents.

MCM usually has discretionary authority to select the brokers used to execute the purchase or sale of securities or other investments for client accounts. Certain exceptions relating to Client-Directed Brokerage and Brokerage Arrangements for Wrap Fee Program Clients are discussed in **Item 12: Brokerage Practices** above.

Item 17. Voting Client Securities

MCM maintains a written proxy voting policy and procedures as required by Rule 206(4)-6 under the Advisers Act. The policy generally provides that:

It is the policy of MCM to seek to vote or otherwise process, such as by a decision to abstain from voting or to take no action on, proxies over which it has voting authority in the best interests of MCM's clients, as summarized here.

- MCM's security analysts generally review proxy proposals as part of their monitoring of portfolio companies. Under MCM's investment discipline, one of the qualities that MCM generally seeks in companies selected for client portfolios is good management

teams that generally seek to serve shareholder interests. Because MCM believes that the management teams of most companies it invests in generally seek to serve shareholder interests, MCM believes that voting proxy proposals in clients' best economic interests usually means voting with the recommendations of these management teams (including their boards of directors).

- In certain circumstances, MCM's vote-by-vote analysis of proxy proposals could lead it to conclude that particular management or board recommendations may not appear as closely aligned with shareholder interests as MCM may deem desirable, or could be disregarded in the best interests of shareholders. In these and other circumstances, MCM may, in its sole discretion, vote against a management or board recommendation (or abstain or take no action) based on its analysis if such a vote appears consistent with the best interests of clients.
- MCM may process certain proxies without voting them, such as by making a decision to abstain from voting or take no action on such proxies (or on certain proposals within such proxies). Examples include, without limitation, proxies issued by companies that MCM has decided to sell, proxies issued for securities that MCM did not select for a client portfolio (such as, without limitation, securities that were selected by a previous adviser, unsupervised securities held in a client's account, money market securities, or other securities selected by clients or their representatives other than MCM), or proxies issued by foreign companies that impose burdensome or unreasonable voting, power of attorney, or holding requirements. MCM also may abstain from voting, or take no action on, proxies in other circumstances, such as when voting may not be in the best interests of clients, as an alternative to voting with (or against) management, or when voting may be unduly burdensome or expensive, or if MCM may have a material conflict of interest in voting certain proxies and alternative voting procedures are not desirable.
- In circumstances when there may be an apparent material conflict of interest between MCM's interests and clients' interests in how proxies are voted (such as when MCM knows that a proxy issuer is also an MCM client), MCM generally will resolve any appearance concerns by causing those proxies to be "echo voted" or "mirror voted" in the same proportion as other votes, by voting the proxies as recommended by an independent service provider, or by abstaining or taking no action. In other cases, MCM might use other procedures to resolve an apparent material conflict.
- MCM may use an independent service provider to assist in voting proxies, keeping voting records, and disclosing voting information to clients. MCM's Proxy Voting Policy and Procedures and reports describing the voting of a client's proxies are available to the client on request.
- MCM seeks to ensure that, to the extent reasonably feasible, proxies for which MCM receives ballots in good order and receives timely notice will be voted or otherwise processed (such as through a decision to abstain or take no action) as intended under MCM's Proxy Voting Policy and Procedures. MCM may be unable to vote or otherwise process proxy ballots that are not received or processed in a timely manner due to functional limitations of the proxy voting system, custodial limitations, or

other factors beyond MCM's control. Such ballots may include, without limitation, ballots for securities out on loan under securities lending programs initiated by the client or its custodian, ballots not timely forwarded by a custodian, or ballots for which MCM does not timely receive essential information such as the proxy proposal itself or modifications to the required voting date. Other ballots may be voted but not counted, or may be counted in an unexpected way, because of factors such as foreign voting requirements or other limitations.

MCM generally cannot implement client proxy voting guidelines that do not delegate full discretion to MCM, or that are not fully consistent with MCM's Proxy Voting Policy and Procedures. MCM clients are free to elect to vote all proxies for their own accounts instead of directing MCM to do so. MCM recommends this approach if a client believes that proxies should be voted based on political or social interests or other client-specific considerations, or the client seeks to impose client-specific voting guidelines that may be inconsistent with MCM's policy or with MCM's vote-by-vote analysis. MCM does not generally advise a client on proxy voting issues when the client retains authority to handle such matters itself.

MCM generally may abstain or take no action on proxy votes relating to legal proceedings such as shareholder class actions or bankruptcy proceedings, or may refer such votes to clients.

Upon request, MCM will provide Private Account clients with (1) a copy of MCM's Proxy Voting Policy and Procedures, and (2) information about how proxies for securities held in their accounts were voted. With respect to how the Marsico Funds voted proxies relating to portfolio securities during the 12-month period ended June 30 of each year, that information is available upon request (without charge) on Form N-PX from the Funds' administrator and is available on the SEC's website at www.sec.gov.

Item 18. Financial Information

MCM and its parent companies are subject to acquisition-related long-term debt obligations currently including approximately \$375 million in senior loans primarily maturing in 2022, approximately \$1.7 million in subordinated notes owned by third parties maturing in 2022, and approximately \$219 million in subordinated notes owned by a related party of MCM maturing in 2022. MCM has guaranteed these obligations. Certain significant terms are described below.

Under the amended and restated credit agreement governing the senior debt, the highest priority use of cash is to pay MCM's operating expenses, which are capped at a fixed dollar amount each quarter (or a fixed percentage of revenue beginning in 2015, if greater). These expenses cover all normal overhead including competitive employee compensation and benefits, comprehensive research and research travel by portfolio managers and analysts, extensive compliance resources, and other expenses. With cash remaining after covering MCM's operating expenses and certain other cash expenditures, the Marsico parent companies pay quarterly interest to senior lenders (calculated at a variable rate plus a fixed component), pay quarterly amortization of base principal, and may pay additional principal payments to senior lenders out of excess cash flow (which is split with noteholders). To the extent that cash flow may be insufficient to cover these quarterly interest payments to senior lenders, interest is added to principal and other payments are not due.

Under the indenture governing the subordinated notes, the companies use cash remaining after covering higher priority expenses (including MCM's operating expenses, other cash expenditures, and senior interest and principal amortization) to pay quarterly interest to noteholders (calculated at a variable rate plus a fixed component), pay quarterly amortization of base principal, and may pay additional principal payments to noteholders out of excess cash flow (split with the senior lenders). To the extent that cash flow may be insufficient to cover these quarterly interest payments to noteholders, interest is added to principal and other payments are not due.

The credit agreement and note indenture contain customary covenants and other requirements that are primarily non-financial in nature. Although we do not expect issues to arise with covenants or other requirements under the current capital structure, if any covenant or requirement were breached and not waived or modified by lenders and/or noteholders, the breach could subject MCM and its parent companies to various creditor remedies that could in some cases potentially affect MCM's services.

MCM is not aware of any current financial condition that appears reasonably likely to impair its ability to meet its contractual commitments to clients over the near or intermediate term. Like other asset management businesses, MCM's business is subject to many factors that change over time and cannot be predicted with certainty. MCM believes that it and its parent companies have substantial resources and flexibility to meet their current obligations and to maintain high levels of service to MCM's clients.

Item 19. Requirements for State-Registered Advisers

Not applicable.

MARSICO CAPITAL MANAGEMENT, LLC (“MCM”)
FORM ADV PART 2B
BROCHURE SUPPLEMENT FOR THOMAS F. MARSICO

March 28, 2014

Item 1. Cover Page

This document provides information about Thomas F. Marsico that supplements the brochure (also known as Part 2A) provided by MCM to its clients and prospective clients. You should have received a copy of that brochure. Please contact us at 303-454-5600 or compliance@marsicocapital.com if you did not receive MCM’s brochure or if you have any questions about the contents of this supplement.

Thomas F. Marsico is the founder, Chief Executive Officer, and Chief Investment Officer of MCM. Mr. Marsico sets MCM’s overall research and investment strategy, and is a co-portfolio manager of accounts managed in MCM’s Focused Growth strategy, Diversified Growth, and Global Growth strategies. Mr. Marsico also is the portfolio manager for accounts managed in MCM’s Select Alpha Growth strategy.

MCM’s address, telephone number, and website are:

Marsico Capital Management, LLC
1200 17th Street, Suite 1600
Denver, Colorado 80202-5824
Phone: 303-454-5600
www.marsicocapital.com

Item 2. Educational Background and Business Experience

Mr. Marsico has over 30 years of experience in the investment management field as a securities analyst and a portfolio manager. His extensive background in rigorous securities analysis led him to recruit and train MCM’s multi-talented Investment team. He is a graduate of the University of Colorado, and holds an MBA from the University of Denver. Mr. Marsico was born in 1955.

Item 3. Disciplinary Information

Not applicable.

Item 4. Other Business Activities

Mr. Marsico holds other investment-related positions associated with his services to MCM and its clients, including serving as an officer of MCM’s parent companies and affiliates, and as a board member and officer of The Marsico Investment Fund, MCM’s proprietary mutual fund product. These duties are not undertaken for compensation, and do not present conflicts of interest with Mr. Marsico’s services to MCM and its clients generally. Mr. Marsico is not

actively engaged in any non-MCM business or other occupation that involves a substantial amount of his time or provides a substantial amount of his income.

Item 5. Additional Compensation

Not applicable.

Item 6. Supervision

MCM has extensive policies and procedures, software systems, and other controls that seek to ensure that its portfolio managers manage client accounts in accordance with client investment guidelines, contractual obligations, and applicable laws and regulations. Every employee certifies in writing to his or her understanding of relevant compliance procedures, and MCM monitors compliance with procedures and performs periodic review and testing of procedures.

Under MCM's compliance and supervision policy and procedures, every MCM employee has the responsibility to know and follow MCM's procedures, and is subject to supervision by MCM's management and the compliance department. Thomas F. Marsico is responsible for managing MCM's Investment team. If you have a question about the management of your account, you can call Mr. Marsico or a representative of MCM's Compliance department at (303) 454-5321, or write to them at the address for MCM listed on the previous page.

MARSICO CAPITAL MANAGEMENT, LLC (“MCM”)
FORM ADV PART 2B
BROCHURE SUPPLEMENT FOR BRANDON GEISLER

March 28, 2014

Item 1. Cover Page

This document provides information about Brandon Geisler that supplements the brochure (also known as Part 2A) provided by MCM to its clients and prospective clients. You should have received a copy of that brochure. Please contact us at 303-454-5600 or compliance@marsicocapital.com if you did not receive MCM’s brochure or if you have any questions about the contents of this supplement.

Brandon Geisler is the portfolio manager of accounts managed in MCM’s All-Cap Growth (21st Century) strategy. Mr. Geisler is also a senior analyst on MCM’s Investment team.

MCM’s address, telephone number, and website are:

Marsico Capital Management, LLC
1200 17th Street, Suite 1600
Denver, Colorado 80202-5824
Phone: 303-454-5600
www.marsicocapital.com

Item 2. Educational Background and Business Experience

Mr. Geisler has over ten years of experience in the investment management field as a securities analyst. Prior to joining MCM in 2006, Mr. Geisler spent four years with Goldman, Sachs & Co., where he was a Vice President in Equity Research covering the restaurant, retailing, and other consumer-related industry groups. He received his MBA degree and Honours BS degree from McMaster University in Ontario, Canada. Mr. Geisler was born in 1976.

Item 3. Disciplinary Information

Not applicable.

Item 4. Other Business Activities

Not applicable.

Item 5. Additional Compensation

Not applicable.

Item 6. Supervision

MCM has extensive policies and procedures, software systems, and other controls that seek to ensure that its portfolio managers manage client accounts in accordance with client investment guidelines, contractual obligations, and applicable laws and regulations. Every employee certifies in writing to his or her understanding of relevant compliance procedures, and MCM monitors compliance with procedures and performs periodic review and testing of procedures.

Under MCM's compliance and supervision policy and procedures, every MCM employee has the responsibility to know and follow MCM's procedures, and is subject to supervision by MCM's management and the compliance department. Thomas F. Marsico is responsible for managing MCM's Investment team. If you have a question about the management of your account, you can call Mr. Marsico or a representative of MCM's Compliance department at (303) 454-5321, or write to them at the address for MCM listed on the previous page.

MARSICO CAPITAL MANAGEMENT, LLC (“MCM”)
FORM ADV PART 2B
BROCHURE SUPPLEMENT FOR JAMES G. GENDELMAN

March 28, 2014

Item 1. Cover Page

This document provides information about James G. Gendelman that supplements the brochure (also known as Part 2A) provided by MCM to its clients and prospective clients. You should have received a copy of that brochure. Please contact us at 303-454-5600 or compliance@marsicocapital.com if you did not receive MCM’s brochure or if you have any questions about the contents of this supplement.

James G. Gendelman is a co-portfolio manager of accounts managed in MCM’s International Growth strategy, and a co-portfolio manager of accounts managed in MCM’s Global Growth strategy. Mr. Gendelman is also a senior analyst on MCM’s Investment team.

MCM’s address, telephone number, and website are:

Marsico Capital Management, LLC
1200 17th Street, Suite 1600
Denver, Colorado 80202-5824
Phone: 303-454-5600
www.marsicocapital.com

Item 2. Educational Background and Business Experience

Mr. Gendelman has over ten years of experience in the investment management field as a securities analyst and a portfolio manager. Prior to joining MCM in 2000, he was a Vice President of International Sales at Goldman, Sachs & Co. for 13 years. Mr. Gendelman holds a Bachelor’s degree in Accounting from Michigan State University and an MBA from the University of Chicago. He was a certified public accountant for Ernst & Young from 1983 to 1985. Mr. Gendelman was born in 1960.

Certified Public Accountant (“CPA”) is the statutory title of qualified accountants in the United States who have passed the Uniform Certified Public Accountant Examination and have met additional state education and experience requirements for certification as a CPA.

Item 3. Disciplinary Information

Not applicable.

Item 4. Other Business Activities

Not applicable.

Item 5. Additional Compensation

Not applicable.

Item 6. Supervision

MCM has extensive policies and procedures, software systems, and other controls that seek to ensure that its portfolio managers manage client accounts in accordance with client investment guidelines, contractual obligations, and applicable laws and regulations. Every employee certifies in writing to his or her understanding of relevant compliance procedures, and MCM monitors compliance with procedures and performs periodic review and testing of procedures.

Under MCM's compliance and supervision policy and procedures, every MCM employee has the responsibility to know and follow MCM's procedures, and is subject to supervision by MCM's management and the compliance department. Thomas F. Marsico is responsible for managing MCM's Investment team. If you have a question about the management of your account, you can call Mr. Marsico or a representative of MCM's Compliance department at (303) 454-5321, or write to them at the address for MCM listed on the previous page.

MARSICO CAPITAL MANAGEMENT, LLC (“MCM”)

**FORM ADV PART 2B
BROCHURE SUPPLEMENT FOR JORDON LAYCOB**

March 28, 2014

Item 1. Cover Page

This document provides information about Jordon Laycob that supplements the brochure (also known as Part 2A) provided by MCM to its clients and prospective clients. You should have received a copy of that brochure. Please contact us at 303-454-5600 or compliance@marsicocapital.com if you did not receive MCM’s brochure or if you have any questions about the contents of this supplement.

Jordon Laycob is a co-portfolio manager of accounts managed in MCM’s Flexible Capital strategy. Mr. Laycob is also a senior analyst on MCM’s Investment team.

MCM’s address, telephone number, and website are:

Marsico Capital Management, LLC
1200 17th Street, Suite 1600
Denver, Colorado 80202-5824
Phone: 303-454-5600
www.marsicocapital.com

Item 2. Educational Background and Business Experience

Mr. Laycob has over 15 years of experience in the investment management field as a securities analyst. Mr. Laycob has been with MCM since its inception in October 1997. Prior to joining MCM, Mr. Laycob spent four years with Janus Capital as a fixed-income analyst and trader. He holds a BA degree in Political Science from Emory University. Mr. Laycob was born in 1970.

Item 3. Disciplinary Information

Not applicable.

Item 4. Other Business Activities

Not applicable.

Item 5. Additional Compensation

Not applicable.

Item 6. Supervision

MCM has extensive policies and procedures, software systems, and other controls that seek to ensure that its portfolio managers manage client accounts in accordance with client investment guidelines, contractual obligations, and applicable laws and regulations. Every employee certifies in writing to his or her understanding of relevant compliance procedures, and MCM monitors compliance with procedures and performs periodic review and testing of procedures.

Under MCM's compliance and supervision policy and procedures, every MCM employee has the responsibility to know and follow MCM's procedures, and is subject to supervision by MCM's management and the compliance department. Thomas F. Marsico is responsible for managing MCM's Investment team. If you have a question about the management of your account, you can call Mr. Marsico or a representative of MCM's Compliance department at (303) 454-5321, or write to them at the address for MCM listed on the previous page.

MARSICO CAPITAL MANAGEMENT, LLC (“MCM”)
FORM ADV PART 2B
BROCHURE SUPPLEMENT FOR MUNISH MALHOTRA, CFA

March 28, 2014

Item 1. Cover Page

This document provides information about Munish Malhotra, CFA, that supplements the brochure (also known as Part 2A) provided by MCM to its clients and prospective clients. You should have received a copy of that brochure. Please contact us at 303-454-5600 or compliance@marsicocapital.com if you did not receive MCM’s brochure or if you have any questions about the contents of this supplement.

Munish Malhotra, CFA, is a co-portfolio manager of accounts managed in MCM’s International Growth strategy, and is a co-portfolio manager of accounts managed in MCM’s Flexible Capital strategy. Mr. Malhotra is also a senior analyst on MCM’s Investment team.

MCM’s address, telephone number, and website are:

Marsico Capital Management, LLC
1200 17th Street, Suite 1600
Denver, Colorado 80202-5824
Phone: 303-454-5600
www.marsicocapital.com

Item 2. Educational Background and Business Experience

Mr. Malhotra has over ten years of experience in the investment management field as a securities analyst and as a portfolio manager. Prior to joining MCM in 2003, he served as an international equities analyst at Driehaus Capital Management in Chicago from 2000 to 2003. Mr. Malhotra was awarded the designation of Chartered Financial Analyst (“CFA”) in 2006. He holds a BA degree in Economics from Loyola University of Chicago and a Master’s Degree in Economics from the University of Denver. Mr. Malhotra was born in 1978.

The CFA program is a three-level graduate self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements tested in several exams, and typically requires 2-5 years and prior qualifying experience to complete.

Item 3. Disciplinary Information

Not applicable.

Item 4. Other Business Activities

Not applicable.

Item 5. Additional Compensation

Not applicable.

Item 6. Supervision

MCM has extensive policies and procedures, software systems, and other controls that seek to ensure that its portfolio managers manage client accounts in accordance with client investment guidelines, contractual obligations, and applicable laws and regulations. Every employee certifies in writing to his or her understanding of relevant compliance procedures, and MCM monitors compliance with procedures and performs periodic review and testing of procedures.

Under MCM's compliance and supervision policy and procedures, every MCM employee has the responsibility to know and follow MCM's procedures, and is subject to supervision by MCM's management and the compliance department. Thomas F. Marsico is responsible for managing MCM's Investment team. If you have a question about the management of your account, you can call Mr. Marsico or a representative of MCM's Compliance department at (303) 454-5321, or write to them at the address for MCM listed on the previous page.

MARSICO CAPITAL MANAGEMENT, LLC (“MCM”)
FORM ADV PART 2B
BROCHURE SUPPLEMENT FOR CORALIE T. WITTER, CFA

March 28, 2014

Item 1. Cover Page

This document provides information about Coralie T. Witter, CFA, that supplements the brochure (also known as Part 2A) provided by MCM to its clients and prospective clients. You should have received a copy of that brochure. Please contact us at 303-454-5600 or compliance@marsicocapital.com if you did not receive MCM’s brochure or if you have any questions about the contents of this supplement.

Coralie T. Witter, CFA, is a co-portfolio manager of accounts managed in MCM’s Focused Growth strategy and Diversified Growth strategy. Ms. Witter is also a senior analyst on MCM’s Investment team.

MCM’s address, telephone number, and website are:

Marsico Capital Management, LLC
1200 17th Street, Suite 1600
Denver, Colorado 80202-5824
Phone: 303-454-5600
www.marsicocapital.com

Item 2. Educational Background and Business Experience

Ms. Witter has over 15 years of experience in the investment management field as a securities analyst and as a portfolio manager. Prior to joining MCM in 2004, she spent six years with Goldman, Sachs & Co., where she was a Vice President in Equity Research and the lead analyst covering the restaurant industry. Ms. Witter also covered various internet companies for several years. She was awarded the designation of Chartered Financial Analyst (“CFA”) in 1998. She graduated from the University of Colorado and holds a Bachelor’s degree in International Affairs. Ms. Witter was born in 1971.

The CFA program is a three-level graduate self-study program that combines a broad-based curriculum of investment principles with professional conduct requirements tested in several exams, and typically requires 2-5 years and prior qualifying experience to complete.

Item 3. Disciplinary Information

Not applicable.

Item 4. Other Business Activities

Not applicable.

Item 5. Additional Compensation

Not applicable.

Item 6. Supervision

MCM has extensive policies and procedures, software systems, and other controls that seek to ensure that its portfolio managers manage client accounts in accordance with client investment guidelines, contractual obligations, and applicable laws and regulations. Every employee certifies in writing to his or her understanding of relevant compliance procedures, and MCM monitors compliance with procedures and performs periodic review and testing of procedures.

Under MCM's compliance and supervision policy and procedures, every MCM employee has the responsibility to know and follow MCM's procedures, and is subject to supervision by MCM's management and the compliance department. Thomas F. Marsico is responsible for managing MCM's Investment team. If you have a question about the management of your account, you can call Mr. Marsico or a representative of MCM's Compliance department at (303) 454-5321, or write to them at the address for MCM listed on the previous page.