HIGHMARK®
CAPITAL MANAGEMENT

Vision. Discipline. Results.℠

Form ADV Part 2A

March 31, 2014

HighMark Capital Management, Inc.
350 California Street, Suite 1600
San Francisco, CA 94104
www.highmarkcapital.com

Contact Info: 1-800-582-4734

This Form ADV Part 2A ("the Brochure") provides information about the qualifications and business practices of HighMark Capital Management, Inc. If you have any questions about the contents of this brochure, please contact us at 1-800-582-4734. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

HighMark Capital Management, Inc. is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

Additional information about HighMark Capital Management, Inc. is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

Following are summaries of material changes HighMark Capital Management, Inc. ("HCM") has made to its Form ADV Part 2A (the "Brochure) since its last update on November 25, 2013:

- Item 4: Advisory Business
  - Revised to remove the HighMark Funds sale language.
- Item 8: Methods of Analysis, Investment Strategies and Risk of Loss
  - Revised Methods of Analysis regarding HCM's equity management process.

You may also request a free copy of the Brochure by calling 1-800-582-4734 or by visiting www.highmarkcapital.com.

Table of Contents

Item 1: Cover Page……Page 1

Item 2: Material Changes……..Page 2

Item 3: Table of Contents.....Page 3

Item 4: Advisory Business…….....Page 4

Item 5: Fees and Compensation……Page 6

Item 6: Performance-Based Fees and Side-By-Side Management…….....Page 9

Item 7: Types of Clients.....Page 10

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss……Page 10

Item 9: Disciplinary Information…….…..…Page 11

Item 10: Other Financial Industry Activities and Affiliations…….……Page 12

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading...Page 12

Item 12: Brokerage Practices……...Page 14

Item 13: Review of Accounts…….....Page 16

Item 14: Client Referrals and Other Compensation……...… Page 17

Item 15: Custody…… Page 17

Item 16: Investment Discretion…….....Page 18

Item 17: Voting Client Securities…….....Page 18

Item 18: Financial Information…….....Page 18

Item 4: Advisory Business

HCM is an SEC registered investment adviser and a wholly owned subsidiary of Union Bank, N.A. ("UB"), a national bank regulated by the Comptroller of the Currency. HCM and UB's ultimate parent company is Mitsubishi UFJ Financial Group, Inc. ("MUFG"), a Japanese-based financial institution. Please refer to Item 10: Other Financial Industry Activities and Affiliations, for additional information regarding HCM's affiliates.

Including its predecessor organizations, HCM has been managing client assets since 1919, and has been registered as an investment adviser with the SEC since 1998. As of December 31, 2013, HCM had $14.5 billion assets under management, $13.3 billion of these assets are managed on a discretionary basis, while $1.2 billion are managed on a non-discretionary basis. As described in Item 10: Other Financial Industry Activities and Affiliations, HCM provides certain investment models for use in third party models programs. As of December 31, 2013, there was $30.8 million invested pursuant to HCM's investment models.

HCM provides a variety of investment advisory services as described below.

Managed Accounts

HCM manages accounts for clients that it has a direct investment management agreement with ("direct accounts") and also manages accounts for UB, certain UB affiliates and US Bank under an investment advisory services agreement ("indirect accounts"). Services for direct and indirect accounts may include some or all of the following:

- Assisting the client in developing and modifying investment objectives, guidelines and restrictions.
- Determining an appropriate investment strategy, including asset allocation, consistent with the investment objectives, guidelines and restrictions established by the client, and reviewing and periodically modifying this strategy through meetings and consultations with the client or its agent.
- Implementing the client's investment strategy through the purchase and sale of securities and other financial instruments, the exercise of options, warrants, and subscription rights, and the investment and re-investment of cash balances for the account.
- Providing information and instructions to the client or its custodian (or trustee) so that transactions for the account are settled in an accurate and timely manner.
- Reconciling its records with those of the client or its custodian (or trustee) on a periodic basis.
- Reviewing the client's' overall accounts and monitoring individual instruments so that the overall portfolio remains consistent with the account's investment strategy, as well as the client's investment objectives, guidelines and restrictions.
- Furnishing reports to the client on a periodic basis concerning account activity and performance.

Under written agreement, HCM may engage unaffiliated sub-advisers to assist it in providing its services to client accounts.

Sub-Advisory Services

HCM serves as a sub-adviser to Nationwide Fund Advisers with respect to certain funds in the Nationwide Mutual Fund trust and the Nationwide Variable Insurance Trust (collectively "Nationwide") under sub-advisory agreements with Nationwide. Please see Item 5: Fees and Compensation for a listing of the funds and the fees paid to HCM by Nationwide.

HCM also has a sub-advisory agreement with U.S. Bank National Association ("U.S. Bank") to sub-advise certain client accounts and collective investment funds purchased by U.S. Bank from HCM's parent, UB. The range of services HCM provides for these indirect accounts is similar to the services it provides to managed accounts, as described above. The advisory services HCM provides to U.S. Bank's collective funds are similar to the advisory services HCM provides to sub-advised funds as described above. U.S. Bank pays HCM a fee to provide these investment advisory services, as described in the agreement between U.S. Bank and HCM.

UB Trust and Agency Accounts

HCM provides investment advisory services under an agreement with UB for certain UB trust and agency accounts, including retirement plans. UB discloses to these trust or agency clients that it has retained HCM to provide investment advisory services for these indirect accounts. The range of services HCM provides for these accounts is similar to the services it provides to managed accounts, as described above. Depending on the size of the account, client investment objectives, guidelines, restrictions, and other circumstances, HCM may invest some or all of the trust or agency assets in UB's collective investment funds, described below, or in mutual funds, including funds in which HCM may serve as sub-adviser. HCM may also invest some assets in Separately Managed Accounts, which are available through an arrangement with SEI Investment Management Corporation. UB pays HCM a fee to provide investment advisory services for these indirect accounts, as described in the agreement between UB and HCM. The agreement also provides for payments by HCM to UB under certain circumstances, including when HCM exercises its investment discretion to place managed account assets in fiduciary shares of the sub-advised funds. In addition, on December 1, 2012, UB acquired Santa Barbara Bank & Trust, N.A. ("SBBT"). Former SBBT trust accounts are indirectly managed by HCM under the arrangement described immediately above.

UB Collective Investment Funds

HCM provides investment advisory services under an agreement with UB to certain UB collective investment funds. Collective investment funds are commingled trust funds created to facilitate the investment management of individual fiduciary accounts for which UB has investment responsibility. The assets of such accounts are combined into one or more investment funds, each with its own specific investment strategy. Although similar in some respects to mutual funds, collective investment funds are administered by banks under applicable banking law and are not registered under the Investment Company Act of 1940.The advisory services HCM provides to UB's collective investment funds are similar to the advisory services HCM provides to the sub-advised funds as described above. UB pays HCM an advisory fee as described in the agreement between UB and HCM. HCM may use its investment discretion to place the assets of a UB trust account in a UB collective investment fund, for which HCM is paid a separate fee by UB.

HCM Models

HCM has an arrangement with UB Personal Trust to provide investment advisory services to clients of UB Personal Trust. Depending on the client assets size, as well as investment needs and objectives, HCM may use its investment models in managing the client's assets. Generally, the models cover a range of investment strategies from income to capital appreciation. HCM offers these investment models to clients through UB's Personal Trust's platform.

HCM also has a non-exclusive licensing arrangement with Envestnet Asset Management, Inc., and its legal affiliates (collectively, "Envestnet") to provide various investment models for use in Envestnet's Third Party Models Program. Under the arrangement with Envestnet, HCM is responsible for constructing and maintaining each model, while Envestnet is responsible for implementing and executing all trade orders for each Envestnet client based on the respective investment models. The HCM Models are accessed through the Envestnet platform.

HCM pays Envestnet a one-time set up fee for the construction and installation of each model on its platform. HCM receives a quarterly fee from Envestnet based on the assets invested pursuant to the investment model. Please consult Envestnet Asset Management's Form ADV, Part 2A for a detailed description of the Third Party Models Program.

Consulting Services

HCM may provide investment consulting services, including supplying investment research and information, on a non-discretionary basis. These services may consist of providing sample model portfolios and investment strategies and a general overview of U.S. securities markets. Fees for consulting services are negotiated in each case based on the nature and complexity of the services to be provided. Such fees may be fixed or may be based on a percentage of the assets subject to the consulting arrangement and such fees may be payable upon provision of the services.

HCM may also assist UB in the evaluation of sub-advisers retained or proposed to be retained by UB in connection with UB's trust or agency account business and their securities selection process.

Item 5: Fees and Compensation

Fees are generally charged as a percentage of assets under management as described in the investment advisory agreement between HCM and the client. Fees may be negotiated on a relationship basis.

In addition to the investment advisory fee, clients may pay other fees related to the management of their account depending on the type of account and investment such as, brokerage, trading cost, custody, transfer agent, fund accounting and administration, 12b-1, shareholder servicing and investment management fees associated with any third-party fund. Please see Item 12: Brokerage Practices.

The current HCM account annual fee schedules for direct accounts are set out below.

Customized Investment Management Fee Schedule: Multi-Asset and Specialized Accounts

1.25% on the first $2,000,000
0.80% on the next $3,000,000
0.50% over $5,000,000

Equity Fee Schedule: U.S. Large Cap and Balanced Accounts

0.75% on the first $10 million
0.60% on the next $15 million
0.50% on the next $25 million
0.45% on amounts over $50 million

Equity Fee Schedule: U.S. Large Cap Quantitative Accounts

0.65% on the first $10 million
0.50% on the next $15 million
0.40% on the next $25 million
0.35% on amounts over $50 million

Equity Fee Schedule: Mid Cap Growth Accounts

0.75% on the first $25 million
0.50% on the next $75 million
0.40% on amounts over $100 million

Equity Fee Schedule: U.S. Small Cap Accounts

0.90% on the first $10 million
0.70% on the next $15 million
0.65% on the next $25 million
0.60% on amounts over $50 million

Equity Fee Schedule: Non-U.S. Accounts

0.75% on the first $25 million
0.65% on the next $25 million
0.50% on the next $50 million
0.40% on amounts over $100 million

Fixed Income Fee Schedule: Core Fixed Income Accounts

0.50% on the first $10 million
0.35% on the next $15 million
0.30% on the next $25 million
0.25% on the next $50 million
0.20% on amounts over $100 million

Fixed Income Fee Schedule: Short Term and Fixed Income Accounts

0.30% on the first $10 million
0.25% on the next $15 million
0.20% on the next $25 million
0.15% on the next $50 million
0.10% on amounts over $100 million

Fixed Income Fee Schedule: Liquidity/Cash Management Accounts

0.15% on the first $10 million
0.12% on the next $10 million
0.10% on amounts over $20 million

Fixed Income Fee Schedule: Muni Accounts

0.50% on the first $10 million
0.35% on the next $15 million
0.30% on the next $25 million
0.25% on the next $50 million
0.20% on amounts over $100 million

HCM requires a minimum annual fee of $10,000 for managed account investment management services. In certain circumstances, the minimum fee may be negotiable.

For clients' assets custodied at UB, clients may choose to deduct fees from assets or receive a bill for fees incurred. For those clients' assets custodied outside of UB, clients will be invoiced. Fees are paid in arrears and clients have the option to pay fees monthly or quarterly.

Fees are prorated for the billing period at the beginning or end of a client relationship. The method of fee calculations is disclosed to clients in their investment advisory agreements. For other accounts described under Item 4: Advisory Business, HCM receives a fee for providing investment advisory services, as described in the agreement between HCM and the respective party.

HCM may use its investment discretion to place a client's assets in a fund sub-advised by HCM. HCM will be paid an advisory fee by the sub-advised fund with respect to those assets. In these cases, the clients' advisory fee may be waived or reduced accordingly. If HCM uses its investment discretion to place a client's assets in a fund sub-advised by HCM, and the client is UB, acting as fiduciary, HCM will purchase the fiduciary shares of the sub-advised fund that do not carry a sales load or Rule 12b-1 fee.

HCM may recommend that a non-discretionary client invest in a fund that is sub-advised by HCM. If the non-discretionary client chooses to invest in the sub-advised fund, the client will generally not receive any fee waivers or reductions. It is possible that such a client could select a class of shares of a sub-advised fund that charges both a sales load and a Rule 12b-1 fee. In that event, the client will, in essence, pay advisory fees at two levels, that is, a separate advisory fee paid to HCM by the client, and the advisory fee that is paid to HCM by the sub-advised fund.

Sub-Advised Funds

The table below shows the fees received by HCM as sub-adviser to Nationwide.

Sub-Advised Funds	Fee Received (Annual Rate) Fiduciary Class
Nationwide HighMark Bond Fund	0.15% on Subadviser Assets† up to $250 million; 0.125% on Subadviser Assets† of $250 million and more but less than $1 billion; 0.10% on Subadviser Assets† of $1 billion and more
Nationwide HighMark California Intermediate Tax-Free Bond Fund Nationwide HighMark National Intermediate Tax-Free Bond Fund	0.25% on all Subadviser Assets†
Nationwide HighMark Short Term Bond Fund	0.10% on Aggregate Subadviser Assets†† up to $500 million; 0.0975% on Aggregate Subadviser Assets†† of $500 million and more but less than $1 billion; 0.0925% on Aggregate Subadviser Assets†† of $1 billion and more
Nationwide HighMark Large Cap Growth Fund Nationwide HighMark Value Fund	0.30% on all Subadviser Assets†
Nationwide HighMark Balanced Fund	0.30% on all Subadviser Assets†
Nationwide HighMark Large Cap Core Equity Fund	0.27% on all Subadviser Assets†
Nationwide HighMark Small Cap Core Fund	0.475% on all Subadviser Assets†
NVIT Enhanced Income Fund	0.10% on Aggregate Subadviser Assets†† up to $500 million; 0.0975% on Aggregate Subadviser Assets†† of $500 and more but less than $1 billion; 0.0925% on Aggregate Subadviser Assets†† of $1 billion and more
NVIT Nationwide Fund	0.25% on Aggregate Subadviser Assets††† up to $250 million; 0.20% on Aggregate Subadviser Assets††† of $250 and more but less

Sub-Advised Funds	Fee Received (Annual Rate) Fiduciary Class
	than $1 billion; 0.18% on Aggregate Subadviser Assets††† of $1 billion and more
Nationwide Fund	0.25% on Aggregate Subadviser Assets††† up to $250 million; 0.20% on Aggregate Subadviser Assets††† of $250 and more but less than $1 billion; 0.18% on Aggregate Subadviser Assets††† of $1 billion and more
Nationwide Short Duration Bond Fund	0.10% on Aggregate Subadviser Assets†† up to $500 million; 0.0975% on Aggregate Subadviser Assets†† of $500 and more but less than $1 billion; 0.0925% on Aggregate Subadviser Assets†† of $1 billion and more
Nationwide Enhanced Income Fund	0.10% on Aggregate Subadviser Assets†† up to $500 million; 0.0975% on Aggregate Subadviser Assets†† of $500 and more but less than $1 billion; 0.0925% on Aggregate Subadviser Assets†† of $1 billion and more

†Subadviser Assets are that portion of the assets of a Fund that the investment adviser to such Fund allocates and puts under the control of HCM as the sub-adviser.

††The term "Aggregate Subadviser Assets" means the aggregate amount resulting from the combination of Subadviser Assets of the Nationwide Enhanced Income Fund, Nationwide HighMark Short Term Bond Fund and Nationwide Short Duration Bond Fund, together with the Subadviser Assets of the NVIT Enhanced Income Fund, a series of Nationwide Variable Insurance Trust. These fees will be paid to HCM for its sub-advisory services.

††† The term "Aggregate Subadviser Assets" means the aggregate amount resulting from the combination of Subadviser Assets of the Nationwide Fund together with Subadviser Assets of the NVIT Nationwide Fund, a series of Nationwide Variable Insurance Trust. These Fees will be paid to HCM for its sub-advisory services.

With regard to the EB Flexible Bond Fund and the EB Income Equity Fund, collective funds that HCM sub-advises for U.S. Bank, plan participants that are unit holders in the funds pay an account level management and administration fee directly to U.S. Bank, and, on an agreed upon basis between the parties with respect to timing, U.S. Bank pays HCM for its sub-advisory services approximately 60% of the account fees collected as described in the sub-advisory agreement with US Bank. There are no fund level management fees for these two funds.

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

Generally, performance-based fee structures may create a conflict of interest by creating incentives regarding portfolio investments that could compromise the independent judgment of the investment adviser. Although there are currently none, HCM may enter into performance-based fee arrangements to the extent permitted by applicable law. If HCM had performance-based fee arrangements, they could vary depending on the client's needs and individual circumstances.

Item 7: Types of Clients

HCM provides investment advice to individuals, high net worth individuals, investment companies, pension and profit sharing plans, pooled investment vehicles, charitable organizations, corporations, state and municipal government entities, corporate employee benefit plans, public agencies, foundations and endowments, Taft-Hartley plans, hospital and religious organizations, treasury departments and trusts and family enterprises.

HCM generally requires a minimum account size of $750,000 for individual clients, $3 million for non-individual or trust accounts and $10 million for liquidity accounts. HCM may lower the minimum account size in its sole discretion.

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

Methods of Analysis

HCM equity professionals combine fundamental, quantitative, and econometric analyses to build diversified equity portfolios that aim to outperform the market. Different style strategies focus on different criteria. The Fundamental team seeks companies with double digit growth rates that have sustainable competitive advantages. The Value team looks for underappreciated firms with unrealized potential or assets. The Core team uses information-based analysis to find companies where informed investors have positive outlooks. All managers consider the risks involved their holdings and how such risk might affect their portfolio.

HCM's fixed income investment professionals perform intensive market and credit research to identify high-quality issues. To minimize volatility in client portfolios, HCM carefully manages interest rate and credit risk and repositions portfolios it deems appropriate to take advantage of opportunities arising from changes in interest rates, the yield curve and sector spreads. HCM strives to avoid securities that are leveraged with respect to interest rate or prepayment risk.

HCM's cash management specialists utilize extensive analysis of market sectors and individual issues to enhance diversification and reduce portfolio volatility. HCM invests in a wide range of investment-grade domestic and foreign dollar-denominated securities according to each client's specific liquidity needs.

Investment Strategies

HCM provides a range of style-specific strategies using both internal and external managers. HCM's approach is a disciplined, consistent process to actively manage portfolios including equity, fixed income, liquidity management and multi-asset strategies.

Equity strategies include (1) a value-based strategy known as the Value strategy, (2) quantitatively managed strategies, consisting of Large Cap Core and Small Cap Core, (3) fundamental research?-based strategies, consisting of Large Cap Growth and Fundamental Equity, (4) and a Relative Dividend Yield strategy. HCM also employs fixed income strategies in the areas of Core, Intermediate Term, Investment Grade Corporates, Short Term, National Tax-Free and California Tax-Free. For management of institutions' cash and excess working capital, HCM offers both domestic and non-U.S. liquidity strategies invested principally in money market instruments. Multi-asset strategies include Balanced, Asset Allocation, and Portfolio Optimization. HCM uses a proprietary optimization model that strives to provide a better asset class mix. HCM offers other strategies through third-party sub-advisor relationships.

Risk of Loss

Investments in HCM strategies are not bank deposits, are not guaranteed by any agency of the U.S. government, and may involve risks, including the possible loss of principal, a risk that clients should be prepared to bear. In addition, performance could be affected by other risks such as:

- *Market Risk:* The risk that a security's market value may decline, especially rapidly and unpredictably for short or extended periods. These fluctuations may cause a security to be worth less than the price the investor originally paid for it. Market risk may affect a single issuer, sector or the market as a whole.

- *Liquidity Risk:* The risk that a security may be difficult or impossible to sell at the time and price the seller wishes. The seller may have to accept a lower price for the security, sell other securities instead, or forego a more attractive investment opportunity.

- *Credit Risk:* The risk that the issuer of a security, or the counterparty to a contract, will default or otherwise become unable to honor a financial obligation. Generally speaking, the lower a security's credit rating, the higher its credit risks. If a security's credit rating is downgraded, its price tends to decline sharply, especially as it becomes more probable that the issuer will default.

- *Interest Risk:* The risk that debt prices overall will decline over short or long periods due to rising interest rates. Interest rate risk usually is modest for shorter-term securities, moderate for intermediate-term securities, and high for longer-term securities.

- *Counterparty Risk*: The risk that the counterparty to a repurchase agreement or reverse repurchase agreement may not fulfill its obligation which may cause the income and the value of the investment to decline.

- *Diversification Risk:* The risk involved with excessive exposure to any one security, industry or sector.

- *Foreign Risk:* Compared with investing in the United States, investing in foreign markets involves a greater degree and variety of risks including the possibility of delayed settlements, currency controls, adverse economic developments, and higher overall transaction costs. In addition, fluctuations in the U.S. dollar's value may erode or reverse gains from investments denominated in foreign currencies or widen losses. Exchange rate fluctuations also may impair an issuer's ability to repay U.S. dollar denominated debt, increasing credit risk of such debt. Finally, the value of foreign securities may be affected by incomplete or inaccurate financial information, smaller and less liquid securities markets, social upheavals or political actions ranging from tax code changes to significant governmental restructuring or collapse.

Item 9: Disciplinary Information

HCM has not been involved in legal or disciplinary events that are material to its advisory business or the integrity of its management.

Item 10: Other Financial Industry Activities and Affiliations

Material Related Party Arrangements

As noted in Item 4: Advisory Business, HCM is a wholly owned subsidiary of UB. UB is the principal subsidiary of UnionBanCal Corporation ("UNBC"), a bank holding company regulated by the Federal Reserve Board. UNBC is wholly owned by The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU") headquartered in Japan. BTMU, in turn, is a wholly owned subsidiary of MUFG.

HCM's ultimate parent company, Mitsubishi UFJ Financial Group, Inc. ("MUFG") beneficially owns 22.2% of the common stock of Morgan Stanley as of December 31, 2013, and is also represented by two seats on the Morgan Stanley board of directors. Morgan Stanley is the parent company of several registered broker-dealers, among other businesses. If HCM manages your account, the fact of MUFG's beneficial ownership interest in Morgan Stanley may limit HCM's ability to purchase an interest in a Morgan Stanley sponsored or advised asset or use Morgan Stanley brokerage services for your account, without your written consent, and, in some cases, may wholly prevent such purchases and the use of Morgan Stanley brokerage services.

All employees of HCM including its board of directors are also employees of UB. The employees of HCM generally perform work for HCM only. Some HCM employees perform work as UB employees in connection with UB's collective investment funds. UB provides a variety of administrative services to HCM under an agreement, such as human resources, legal and accounting. In addition, UB serves as the custodian for the majority of its accounts for which HCM provides advisory services. UB may refer clients to HCM for advisory services and HCM may refer clients to UB for banking services, but neither UB nor HCM currently pays cash referral fees to the other for these referrals. Please refer to Item 14: Client Referrals and Other Compensation for additional information.

UB also has a broker-dealer subsidiary, UBIS, which is also an SEC registered investment adviser. HCM and UBIS are under common control. Currently, HCM has no arrangements with UBIS to use UBIS or any of its registered representatives or principals to provide broker-dealer services to HCM or its advisory clients. UBIS may refer a client to HCM for advisory services, but HCM does not pay UBIS cash referral fees in connection with the referrals.

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

Personal Transactions in Recommended Securities

HCM generally does not buy or sell securities that it recommends to clients.
HCM's related persons may however, transact or hold securities that are or have been recommended by HCM to its clients.

HCM has adopted a Code of Ethics for all employees in accordance with Rule 204A-1 of the Investment Advisers Act of 1940 and Rule 17j-1 of the Investment Company Act of 1940 which describes standards for business conduct, fiduciary duty to clients and rules surrounding personal securities transactions. HCM's officers and directors, and certain employees are required to report certain personal securities transactions and holdings. These personal securities transactions may raise potential conflicts with the interests of HCM clients. The Code of Ethics mitigates potential conflicts of interest by requiring, among other things, prior approval of certain securities transactions and a holding period for sub-advised funds.

The Code of Ethics also requires regular employee certification and reporting and outlines disciplinary actions for exceptions. All Code of Ethics exceptions are reported to HCM's Board of Directors and to the Board of any sub-advised funds. A copy of HCM's Code of Ethics is available upon request by calling 1-800-582-4734.

Principal Transactions

HCM does not, as principal, buy securities from or sell securities to its clients, nor does HCM use its investment discretion to direct or authorize securities transactions between its related persons and its clients. Certain related persons of HCM, such as BTMU, UB, and UBIS, from time to time, may buy securities from or sell securities to HCM's clients in connection with their own separate relationship with HCM's clients. These activities of HCM's related parties are not connected to HCM's advisory business. The related persons engage in these activities in a manner that is consistent with customary commercial practice and applicable federal and state regulations.

Agency Transactions

HCM does not effect securities transactions for compensation as broker or agent for its clients, nor does HCM use its investment discretion to direct or authorize client securities transactions in which a related person is a broker or agent. Certain related persons of HCM, such as BTMU, UB and UBIS, from time to time, may effect securities transactions for compensation as broker or agent for clients of HCM or their counterparties in connection with their own separate relationships with such clients or other persons. These activities are not connected to HCM's advisory business except to the extent that such clients or other persons invest in a fund sub-advised by HCM. The related persons engage in these activities in a manner that is consistent with customary commercial practice and applicable federal and state regulations.

MUFG's Investment in Morgan Stanley

Please see Item 10: Other Financial Industry Activities and Affiliations which discusses MUFG's investment in Morgan Stanley. Although HCM does not consider this investment an arrangement that is material to its advisory business, this indirect affiliation may prevent HCM from effecting certain broker transactions with MS&Co. on behalf of certain client accounts. Where permitted by law, HCM may use Morgan Stanley in connection with certain brokerage transactions on an agency basis only.

Interest in Client Recommendations

Generally, HCM does not recommend to clients that they buy or sell securities or investment products in which HCM has a financial interest. HCM, however, may purchase for clients shares of sub-advised funds or collective investment funds advised by HCM, and from which HCM receives a sub-advisory fee. Please see Item 5: Fees and Compensation for a description of the effect such purchases will have on advisory fees paid by clients.

UB may invest its employees' retirement plans in certain funds sub-advised by HCM or use some of the sub-advised funds as an investment option in its participant directed retirement plans. To the extent that HCM receives an advisory fee from the sub-advised fund(s), HCM could be considered to indirectly benefit from the recommendations and investments made by UB.

UBIS receives Rule 12b-1 or other fees in connection with its sales of shares of Nationwide Mutual Funds to UBIS clients.

HCM may also recommend to clients securities in which HCM's related persons may have a financial interest. HCM considers that the range of the potential holdings of HCM's related persons, and the range of the potential issuers to whom HCM's related persons provide banking, custodial, brokerage and other services, is such that it would be inadvisable to exclude these securities from consideration for a client's

portfolio solely because of these potential conflicts of interest. HCM makes portfolio transaction decisions or recommendations independently and not based on the interests of any related person. HCM may also engage in cross transactions, most likely in a format where client accounts are matched to provide liquidity and avoid brokerage fees. These are broker-less and non-principal transactions and there is no compensation earned by HCM. There may be nominal transaction processing fees involved in cross transactions. Cross transactions are done in compliance with applicable rules and procedures.

Item 12: Brokerage Practices

HCM provides investment advice to clients on both a discretionary and non-discretionary basis, depending upon clients' wishes. For more information about the advisory services offered by HCM, please refer to Item 4: Advisory Business.

Most clients authorize HCM to use broker-dealers selected by HCM, and to pay commission rates negotiated by HCM with the broker-dealer. HCM however, may, agree to take written direction from a client to use a broker-dealer selected by the client. Please see discussion below about "Client Directed Brokerage."

Client Directed Brokerage

HCM may accept a client's written request for client directed brokerage by executing a transaction with the broker-dealer selected by the client, which may or may not be a broker-dealer used by HCM for other trades in the same security during that period. In accordance with client directed brokerage instructions, the brokerage transactions may result in higher commissions, greater spreads, or less favorable net prices than would be the case if HCM were authorized to select the broker-dealer. Client directed brokerage may not, in all cases, result in the best execution of securities transactions for the client. Clients acknowledge the possibility of paying higher commission rates and not obtaining best execution when they enter into their agreement with HCM. HCM may limit the extent to which it will agree to client directed brokerage.

Although HCM has no brokerage commission recapture program, from time to time, certain clients may direct HCM to a certain broker as part of their participation in such a program. Where a client directs the use of a particular broker-dealer, HCM may be unable to achieve most favorable execution of client transactions and the client may pay more in execution fees than if HCM was permitted to choose the executing broker-dealer. In such cases, HCM may not be able to determine the terms of how an order will be handled with such broker-dealer and may not be able to freely negotiate commission rates. In addition, HCM may not be able to aggregate the client's orders with other client orders, even to reduce transaction costs. As a result, a client's direction that HCM use a particular broker-dealer may cause a client to pay higher commissions or receive less favorable net prices than would be the case if HCM was given discretion to choose the broker-dealer through which to execute the transaction for the client's account.

Broker Selection

In selecting a broker-dealer for a transaction, HCM endeavors to choose the broker-dealer most capable of providing the services necessary to obtain best execution of the transaction. HCM maintains a list of approved broker-dealers from which its traders may select a broker-dealer for a particular transaction. HCM's Investment Policy committee ("IPC"), a committee composed of HCM's Chief Equity Officer and Chief Fixed Income Officer and other senior investment personnel reviews and determines the approved broker-dealers list at least once a year. Broker-dealers are evaluated on various criteria, including the commissions charged, as well as the reliability, integrity, and financial condition of the firm,

the timeliness and accuracy of trade execution skills, operational and settlement capabilities, and any research services or products offered. HCM does not commit a specific amount of business to any broker-dealer, but does set an overall target based on what is required to gain the best arrangement of services, products, and best execution of client transactions. Actual brokerage business directed to any broker-dealer may not reach the target, but it can exceed the target. HCM does not place brokerage orders for a client with UBIS, or with any other affiliate of HCM, except in accordance with HCM's policy, and to the extent permitted by law.

On a continuing basis, HCM seeks to determine what levels of commission rates are reasonable for specific transactions. Consideration is given to factors including historical commission rates, market commission rates (based on publicly available information), the size and complexity of the transaction, the type and level of business done with a firm over a period of time, and the extent to which the broker-dealer may have capital at risk in the transaction.

For each transaction, HCM's trading desk determines which broker-dealer on the approved list can provide the best execution of a specific transaction. Consideration is given to various factors including consistency of quality execution, general order flow, market-making skills, ability or willingness to commit capital and provide liquidity, and sales trading and coverage skills. HCM's policy does allow the use of a broker-dealer not on the approved list when HCM deems it will be able to achieve best execution. Trades with brokers not on the approved list are reported to HCM's Client Commissions Committee at its next meeting with an explanation as to why a broker not on the approved list was selected to provide best execution.

HCM may effect transactions through an electronic crossing network ("ECN") in an attempt to find liquidity per price improvement not available through traditional trading methods. In selecting among market makers, and non-market makers or ECNs, HCM generally seeks to select those it believes to be actively and effectively trading the security being purchased or sold. HCM may select an ECN offered by a provider of services to HCM and any sub-advised funds in addition to ECNs offered by other vendors.

In some cases, HCM may aggregate as a block transaction multiple transaction orders that are received at about the same time. HCM's policy is to engage in block transactions in a fair and equitable manner to all participating clients, so that the price of the securities purchased or sold of all participating clients will be the average share price for the block transaction with commissions and costs shared among the participating clients on a pro-rata basis. There can be no assurance, however, that any particular investment will be proportionally allocated among clients, or that the allocation process will achieve the same results for each client. HCM does not receive additional compensation for aggregating orders in block transactions. HCM believes that the use of block transactions may prevent the transaction of one client from affecting the purchase or sale price of a transaction for another client, and that the use of block transactions may enable HCM, on average and over time, to obtain enhanced execution and lower brokerage commissions.

Client Commissions

HCM may effect securities transactions that result in a client paying an amount of commission in excess of the amount of commission another broker would have charged. In selecting such broker-dealer, HCM will make a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage services, research and investment information, viewed in terms of either the specific transaction or HCM's overall responsibility to the accounts for which it exercises investment discretion.

In using client brokerage commissions, HCM receives a benefit in that it obtains investment information and research services from broker-dealers that may include conferences, research reports, oral advice, or data regarding particular companies, industries, or general market or economic conditions, all of which,

HCM does not directly pay for. In addition, to the extent legally allowed, certain services may include the use of or be delivered by quotation or computer systems whose software components may be provided to HCM as part of the services.

In any case in which information and other services can be used for both research and non-research purposes, HCM will make an appropriate good faith allocation of those uses and will pay directly for that portion of the services to be used for non-research purposes, but as practice, HCM does not participate in any mixed usage.

HCM uses investment information and research services that it receives from broker-dealers to evaluate securities and formulate investment recommendations for both discretionary and non-discretionary clients. These recommendations, as well as HCM's analyses and the information and research services used to formulate recommendations, may be made available to HCM's affiliates and all of HCM's clients and is used by HCM in providing services to all of its clients. A client account may pay commissions to a broker-dealer which supplies research services not utilized by the account. Non-discretionary clients for whom HCM does not ordinarily place brokerage orders may benefit from such investment information, even though such information was generated through commission paid by other clients.

The procedure to determine the allocation amounts includes an evaluation by HCM's traders of the broker-dealers' execution capability, and an evaluation by a committee of HCM's equity advisory personnel of the quality and usefulness of the broker-dealers' research, and finally, a vote of HCM's IPC. No absolute dollar amounts are required to be met, and in no case will an order be placed if the broker-dealer is not believed to be able to provide best execution of a particular transaction in light of all the factors HCM considers. HCM does endeavor to direct sufficient orders to such broker-dealers to ensure continued receipt of research services that HCM believes are useful to all HCM accounts. Substantial portions of brokerage commissions are paid to broker-dealers who supply investment information and research services to HCM.

Initial Public Offerings

From time to time, HCM may be offered securities in an initial public offering ("IPO") and HCM will determine in its sole discretion whether to accept any such offer. Generally, HCM does not accept offers to participate in IPOs. In the event that HCM accepts an offer of IPO securities, HCM's policy is to allocate the securities proportionally, based on asset value, among client portfolios for which the securities are deemed suitable. Suitability will be determined by HCM's portfolio managers based on a number of factors, including but not limited to, investment goals, existing securities in the portfolio available cash and purchasing power, portfolio investment restrictions, and the subjective judgments of the portfolio managers. A small IPO offering may be allocated only to one client portfolio, if HCM determines in its sole discretion that allocation among more than one portfolio would be inefficient for client accounts. While generally based on objective criteria, HCM does not make IPO allocations based on strict, mathematical formulas. HCM's allocation of any specific IPO offering may not result in proportional allocation across all its client portfolios. HCM however, will treat all client portfolios fairly and will not give preferences to any particular client or type of clients when allocating IPOs.

Item 13: Review of Accounts

Account Review Process

Investment strategies are set and reviewed regularly by HCM's IPC. HCM's portfolio managers then review direct accounts on an ongoing basis to assess the appropriateness of client investments relative to

the investment strategy and in accordance with the client's specific investment objective, guidelines and restrictions for the account.

HCM Operations periodically reviews direct accounts for matters including, but not limited to custodian reconciliation, and IPC periodically reviews the accounts for overall investment performance. For indirect accounts, annual review and oversight is performed by the appropriate personnel and/or committees at UB and U.S. Bank.

Reports to Clients

HCM issues periodic reports to clients, except UB's trust and agency account clients, which include transaction summaries, portfolio valuation, and performance data. These reports may include information compiled by others including UB. UB provides periodic reports to its trust and agency account clients. The information provided by UB in these reports is similar to the information included in HCM's periodic reports described above.

Item 14: Client Referrals and Other Compensation

HCM or its related persons may from time to time receive some economic benefit from non-clients, such as a broker-dealer, in connection with giving advice to clients. See Item 12, Brokerage Practices.

UB maintains internal compensation programs that reward certain UB and HCM employees for client referrals. UB also provides sales referral services for HCM as described in an agreement between UB and HCM. However, HCM has no cash referral arrangement with UB. HCM reimburses UB for a pro-rata share of the costs incurred in connection with marketing services on behalf of HCM, such as salaries, travel and other related expenses. These reimbursements may be used by UB to cover a pro-rata share of the amount UB pays to its employees for client referrals, including referrals to HCM.

In addition, from time to time, HCM and its related persons may also enter into cash referral arrangements with related and unrelated persons in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940, and compensate referrals with respect to such activities in accordance with Rule 206(4)-3 or other applicable regulations. The amounts of such fees are individually negotiated.

Item 15: Custody

UB or the custodian that the client designated will send clients a periodic statement of their account at least quarterly. HCM recommends that you compare the security positions shown on the investment statement you may receive from HCM to those shown on the statement you receive from your custodian. Differences in reported security positions may exist because investment statements are presented on a trade date basis, and the information presented on the custodial statement is generally shown on a settlement date basis. There also may be differences in the values shown for your investments due to accrued but uncollected income, and the use of differing valuation sources and methods by HCM and the custodian.

Item 16: Investment Discretion

Clients who have their agreements directly with HCM grant discretionary authority at the outset of an advisory relationship when they execute the HCM Advisory Services Agreement. The client communicates any investment parameters, including limitations, restrictions,asset allocation requirements, market capitalization thresholds, a desire to invest only in socially responsible companies and other investment specifications.

For accounts which HCM manages under its agreement with UB, the UB agreement with its clients provides UB and its agents (such as HCM) the authority to exercise investment discretion. HCM and UB have a separate agreement that describes the obligations for investment advisory services that HCM performs for UB clients.

Item 17: Voting Client Securities

All HCM clients have the option to vote their proxies themselves or authorize HCM to vote their proxies on their behalf. Most clients authorize HCM to vote proxies for securities held in the client's account. HCM has established policies for voting these proxies in the interests of clients. For assets managed by a sub-adviser, HCM delegates to the sub-adviser the authority to vote proxies according to the sub-adviser's policies, subject to monitoring, review and oversight by HCM. For other portfolios, HCM retains as its agent, ISS Governance Services ("ISS"), an independent proxy voting service, which votes the proxies according to ISS' policies, subject to monitoring and review by HCM. HCM reserves the right to withdraw any proxy from ISS and vote the proxy with review and approval by the IPC. HCM will withdraw a proposed proxy vote from ISS in the event that HCM determines that the proposed vote by ISS would not be consistent with HCM's fiduciary duty to its clients. HCM has written policies and procedures to address situations where there is a conflict of interest between HCM and its client (when they arise.) Before HCM votes a proxy, the IPC will take steps to determine if HCM has a conflict of interest in voting the proxy. If the IPC finds that a material conflict exists, HCM will retain an independent fiduciary to vote the proxy if the customer has appointed HCM as investment manager. If UB appoints HCM as investment manager, UB may retain an independent fiduciary to vote the proxy.

Proxy voting records for HCM are generally maintained by ISS and HCM will make proxy voting records available to client as required by law. Clients may obtain a copy of HCM's proxy voting policies and procedures and/or proxy voting records for their account by calling 1-800-582-4734.

Item 18: Financial Information

HCM is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments. HCM has not been the subject of a bankruptcy petition.