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## Form ADV Part 2A Brochure

March 31, 2014

This brochure provides information about the qualifications and business practices of Capital Innovations, LLC ("CI"). If you have any questions about the contents of this brochure, please contact us at 262-746-3100 and/or [info@capinnovations.com](mailto:info@capinnovations.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority. Additional information about CI is also available via the SEC's website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). CI is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.



## **Item 2: Summary of Material Changes**

Since the last update of this brochure on March 1, 2013:

The list of investment strategies, fees, and minimums has been updated on Page 8.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may provide other ongoing disclosure information about material changes as necessary.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

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#### **Item 4: Advisory Business**

Capital Innovations, LLC (“CI”) is an employee-owned independent investment advisor founded in 2007 and headquartered in Pewaukee, Wisconsin. The Firm advises, creates, and manages specialized investment strategies focusing on real assets for institutional investors and family offices worldwide.

CI provides discretionary and non-discretionary investment management services throughout the world. CI manages client portfolios (either directly or through model delivery and wrap fee programs) applying traditional and systematic processes across a variety of investment strategies, including global infrastructure, global timber, global agribusiness, and multi-asset strategies. CI also acts as a sub-advisor to wrap fee programs, investment companies and other pooled products. CI may also provide consulting and research services in connection with asset allocation and portfolio structure.

CI’s discretionary investment authority may be limited by conditions imposed by clients in their stated investment objectives or guidelines, or by other instructions provided to CI. CI generally requires that all clients approve the investment objectives and restrictions applicable to the account by agreeing to the guidelines applicable to a particular strategy or by providing special instructions. CI employs a broad range of portfolio management tools in seeking to control risk and seek returns consistent with the client’s guidelines and restrictions. CI considers reasonable restrictions to include 1) a restriction on the purchase of a particular security or types of securities, or 2) a restriction on the purchase of a group of securities that are classified by the client to be in a particular industry (for example, tobacco), as long as CI has agreed with the client on the industry classification. Other proposed restrictions are analyzed on a case-by-case basis.

CI generally has the responsibility to monitor investment restrictions. Clients should be aware that their restrictions can limit CI’s ability to act and as a result, their performance may differ from and may be less successful than that of other accounts which do not impose any restrictions. CI shall not be bound by any amendment to the investment restrictions unless and until the client and CI have agreed in writing on such amendment.

CI may take up to ten business days (or longer depending on the complexity of the product mandate) from the time an account is approved to fully invest an account funded in cash or ten business days from the time CI has received instructions to terminate an account to fully liquidate the account. If the client intends to fund the account by transferring in-kind securities, CI will need to receive from the client, prior to the effective date of its management duties, a list of such securities to allow CI to determine which securities to retain and which to replace. The client will be responsible for all tax liabilities that result from sales of contributed securities.



CI also offers discretionary and non-discretionary investment advisory services through wrap fee programs (“Wrap Programs”) that are generally sponsored by banks, broker-dealers or other investment advisers (each a “Sponsor”). Generally, in a Wrap Program, the client enters into an agreement with the Sponsor, who furnishes for a single “wrap” fee a variety of services.

The relevant agreements between or among the client, the Sponsor and CI will generally outline the services that will be performed by the Sponsor, CI, and others in the Wrap Programs. Typically, the Wrap Program Sponsor is responsible for determining whether a specific CI strategy is suitable or advisable for a particular investor. For discretionary Wrap Programs, CI is responsible for implementing securities transactions for each investor that are appropriate for the selected investment strategy (and, if relevant, in accordance with reasonable investment restrictions imposed by an investor and accepted by CI). For non-discretionary Wrap Programs, CI will provide a model portfolio and any subsequent changes to the Sponsor to be analyzed and implemented at the Sponsor’s discretion. Clients and prospective clients in Wrap Programs should carefully review the terms of the Wrap Program disclosure documents to understand the services, minimum account size, and expenses, and other terms and conditions of such Wrap Program.

CI cannot guarantee or assure you that your investment objectives will be achieved. CI does not guarantee the future performance of any client's account or any specific level of performance, the success of any investment decision or strategy, or the success of CI’s overall management of any account. The investment decisions CI makes for client accounts are subject to various market, currency, economic, political and business risks, and the risk that investment decisions will not always be profitable. Many of these risks are discussed in Item 8 below, which you should review carefully before deciding to engage CI’s services.

#### **Item 5: Fees and Compensation**

CI furnishes investment advice pursuant to a written investment advisory agreement (the “Agreement”). In general, CI bases its fees on its standard fee schedule that is in effect at the time the Agreement is entered into. Advisory fees may also be negotiated with clients and therefore may vary from the standard fee schedule. Generally, either party may terminate the Agreement upon 30 days prior written notice. Upon termination, clients pay the pro-rata portion of fees through the termination date.

CI generally calculates its fixed advisory fees as a percentage of assets under management. CI also may enter into a performance fee arrangement with a client pursuant to individualized negotiations, provided that all applicable regulatory requirements are met. Other investment advisers may charge higher or lower fees than those charged by CI for comparable services.

CI generally charges advisory fees quarterly in arrears based on the average ending market value at the last business day of each month in the calendar quarter. Unless otherwise agreed



to with a client, CI will adjust account values for purposes of calculating fees for each contribution and withdrawal of \$100,000 or more during a billing period only if the net total of all such contributions and withdrawals exceed 5% of the account's value at the end of the billing period.

CI has preferred minimum account sizes, based on the strategy of the account. Preferred minimum account sizes vary, and are listed, by strategy, herein. In its sole discretion, CI may accept accounts with amounts of assets lower than the indicated preferred minimum. In such cases, the fees charged for investment advisory services may be higher than those fees indicated herein. CI may terminate client accounts with assets that fall below the minimum indicated.

It is CI's general policy to charge fees to clients in accordance with the fee schedule in effect at the time the client first entered into an investment management or investment advisory relationship with CI. However, in certain circumstances, fees may be subject to negotiation, and fees may be modified for particular clients. The reasons for such modifications may include, without limitation, the type of product provided, the complexity and level of service provided, the number of different accounts and the total assets under management for that client and related clients, the particular type of client, or other circumstances or factors that CI deems relevant. A different fee schedule may apply if an account receives services that are more limited than full discretionary investment management, or if an account has specialized investment objectives, guidelines and restrictions. Certain accounts of persons affiliated with CI may be managed without fees or at reduced fees.

To the extent that a client's assets are invested in a cash investment fund of the client's trustee or custodian, the client should be aware that the trustee or custodian may also charge management or transactional fees with respect to such assets.

You may choose to be billed directly for fees, or may authorize CI to directly deduct fees from your account. If CI can deduct fees directly from your account, your custodian should send a quarterly statement directly to you, showing transactions in the account, including CI's fees. CI will receive paper or electronic copies of the custodian's statements. CI urges you to carefully review these statements, where applicable, and compare the official custodial records to any account statements CI may send to you.

### *Separate Accounts*

The Agreement will specify CI's advisory fees for separate accounts. In certain circumstances, CI will negotiate variances in the fees and account minimums. Unless otherwise agreed to with a client, subsequent modifications to the standard fee schedule will not apply to existing clients, and therefore a client's fee schedule may be different from the standard fee schedule for new



separate accounts. Separate account fees are as follows as of the date of this brochure and, unless otherwise indicated, fees and account minimums are shown in U.S. Dollars.

Strategy	Minimum Investment	Asset Base	Annual Fee Rate
<b>Listed Infrastructure Strategy Accounts</b>	\$5 million	First \$50 million Next \$50 million Assets > \$100 million	1.00% 0.80% 0.70%
<b>Timber Strategy Accounts</b>	\$5 million	First \$50 million Next \$50 million Assets > \$100 million	1.00% 0.80% 0.70%
<b>Agribusiness Strategy Accounts</b>	\$1 million	First \$50 million Next \$50 million Assets > \$100 million	1.00% 0.80% 0.70%
<b>Multi-Asset Strategy Accounts</b>	\$5 million	First \$50 million Next \$50 million Assets > \$100 million	1.00% 0.80% 0.70%
<b>MLP Strategy Accounts</b>	\$1 million	First \$50 million Next \$50 million Assets > \$100 million	1.00% 0.80% 0.70%
<b>Large Cap Growth Strategy Accounts</b>	\$1 million	First \$50 million Next \$50 million Assets > \$100 million	1.00% 0.80% 0.70%

Actual investment management fees may vary from client to client.

From time to time, CI has had other fee schedules, which provide for fees that were higher or lower than those currently in effect. As new fee schedules were put into effect, they were generally only made applicable to new clients and the fee schedule applicable to any existing client was generally not affected by the new schedules. Therefore, some clients are paying different fees than those shown above.

### *Mutual Funds*

In addition to the separate account services described above, CI provides advisory or sub-advisory services to registered investment companies (“Funds”) managed by CI or unaffiliated advisers. Additional information concerning a Funds’ investment management fees, and other expenses, is contained in the prospectus and statement of additional information. Investors are advised to review prospectus and statement of information prior to investing in a Fund.

CI compensation for acting as a sub-adviser to Funds is typically calculated as a percentage of a Fund’s average net assets, and may vary depending on a number of factors including the investment strategy employed, the type of Fund, and the amount of assets under management.





The market value of a Fund's portfolio for purposes of calculating fees will be based on the Fund custodian's valuation. An investment in a Fund will typically be reduced by the management fees and fund expenses.

#### *Managed Account and Wrap Fee Programs*

CI also receives fees for providing discretionary advisory services to Wrap Program Sponsors. CI does not maintain a standard fee schedule for discretionary advisory services to Wrap Programs. The advisory fees are typically negotiated with, and paid by, the Sponsor pursuant to an agreement between the parties. The advisory fees may vary by Sponsor and strategy. Clients are advised to review the Wrap Program Sponsor's brochure for fees applicable to the program.

In most cases, because the Sponsor does not charge an additional commission for brokerage transactions, it will usually be more cost effective to the client for CI to execute transactions through the Sponsor instead of through other broker-dealers. However, if CI determines that the Sponsor may not provide best execution, CI may select another broker-dealer to effect transactions which may cause the client to incur additional overall costs. Additional information on CI's brokerage practices is set forth below under Item 12 Brokerage Practices.

#### *Investment Model Delivery to Third Parties*

CI provides investment models to unaffiliated broker-dealers and investment advisers and in return receives a portion of the advisory fee received by these unaffiliated parties from their clients. Generally, these entities will pay a portion of the fee they receive from their respective clients to CI. The advisory fees may vary by strategy, but are generally based upon total assets under management. Fees may be payable in arrears or in advance, typically on a quarterly basis.

Other than advisory fees disclosed above, neither CI nor its supervised persons receive compensation from clients for the sale of securities or other investment products. Please see *Item 6: Performance-Based Fees & Side-by-Side Management* for information regarding performance fees.

### **Item 6: Performance-Based Fees and Side-by-Side Management**

From time to time, clients may pay CI for services by means of a combination of performance and asset-based fees as permitted by applicable federal and state regulations, including SEC Rule 205-3. Performance fee arrangements may create an incentive for CI to make investments that are riskier or more speculative than would be the case in the absence of a performance fee. CI may manage accounts with fixed management fees ("fixed fee accounts") alongside other accounts with performance-based fees ("performance fee accounts"). There are potential conflicts of interest that arise due to the side-by-side management of fixed fee accounts with

performance fee accounts as there may be an incentive to favor the performance fee accounts over the fixed fee accounts in the allocation of investment opportunities. CI has implemented side-by-side policies and procedures to address this conflict so that all clients are treated fairly and equitably.

### **Item 7: Types of Clients**

CI generally provides investment advice to clients such as individuals, institutions, trusts, estates and charitable organizations, corporations and other business entities, pensions and profit sharing plans and investment companies. CI generally does not accept new accounts of less than \$1,000,000.

At its discretion, CI may accept an account of any size depending upon certain factors, including, but not limited to, investment objectives, investment restrictions, the nature and extent of the relationship with the client and other business factors.

In order to open an account with CI, a client must complete the proper paperwork and must appoint a qualified custodian, such as a bank, trust company or broker-dealer, to custody the account's assets.

CI reserves the right, in its sole discretion, to decline any new account, or consistent with the applicable client's advisory agreement, to resign as adviser to an account after initiation of the investment advisory relationship.

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

The following are broad descriptions of the methods of analysis and investment strategies employed by CI. It should be noted that investing in securities involves risk of loss that clients should be prepared to bear.

#### *Methods of Analysis*

CI's investment process relies upon fundamental and qualitative research to actively select securities for client accounts. CI's investment team evaluates each security through fundamental analysis which include but are not limited to: macro-economic research, management and operations analysis, external dynamics, income statement and balance sheet analysis, absolute and relative multiples, and dividend yields.

The bottom up fundamental analysis is then coupled with CI's proprietary valuation and ranking process. This process involves discussions and debate by the investment team regarding the qualitative characteristics of current and potential holdings. These qualitative characteristics



include, but are not limited to, asset-related strengths and weaknesses, market sentiment, and strength of management.

### *Investment Strategies*

CI specializes in the following global strategies: Infrastructure, Timber, Agribusiness, Multi-Asset, MLP and Large Cap Growth.

CI evaluates securities utilizing proprietary fundamental research and seeks to build a core portfolio for each client account that provides attractive total returns. Client accounts are actively managed, and CI uses its financial and industry experience and expertise to identify the absolute and relative value opportunities within different real asset subsectors that, in CI's view, present the best investment opportunities. The results of CI's analysis and investment process will influence the weightings of positions held by each client account within each subsector.

CI's investment discipline rests on a belief that, from time to time, even successful companies become sharply undervalued, either because they have temporarily fallen out of favor or because they operate in quiet, low-profile sectors. This can create buying opportunities for shrewd, bottom-up investors who recognize the long-term potential of these stocks.

CI's buy discipline incorporates liquidity and pricing tolerances. The firm's sell discipline develops from a combination of price appreciation based on price targets, relative valuation metrics and macro issues which may impact the original thesis.

### *Risk of Loss*

Investing in securities involves a risk of loss. Everyone has a different tolerance for risk. Some investors are significantly more conservative than others when making their investment decisions. It is important to take into account your own comfort with risk as well as the amount of risk suitable for your financial goals. CI does not offer any products or services that guarantee rates of return on investments for any time period to any client. All clients assume the risk that investment returns may be negative or below the rates of return of other investment advisers, market indices or investment products. The investment style of strategies managed by CI will result in a concentrated group of investments focused on gaining exposure to companies related to the real assets sector. CI primarily recommends common stocks defined by value-style characteristics. Risks inherent in these types of securities include:

### *Market Risk*

The market price of a security or instrument may decline, sometimes rapidly or unpredictably, due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic or political conditions throughout the world, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse

investor sentiment generally. The market value of a security or instrument also may decline because of factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.

#### *Common Stock Risk*

Common stocks are susceptible to market fluctuations and to volatile increases and decreases in value as investors' confidence in and perceptions of their issuers change. Investments in common stocks are subject to the risk that in the event of a company's liquidation, the holders of preferred stock and creditors will be paid in full before any payments are made to holders of common stock.

#### *Small- and Mid-Cap Company Risk*

Investing in small-capitalization and mid-capitalization companies generally involves greater risks than investing in large-capitalization companies. Small- or mid-cap companies may have limited product lines, markets or financial resources or may depend on the expertise of a few people and may be subject to more abrupt or erratic market movements than securities of larger, more established companies or market averages in general. Many small capitalization companies may be in the early stages of development. Since equity securities of smaller companies may lack sufficient market liquidity and may not be regularly traded, it may be difficult or impossible to sell securities at an advantageous time or a desirable price.

#### *Sector Risk*

Sector risk is the potential for adverse events in the global real assets market to impact the performance and returns of the investment strategy. Real asset sector companies are subject to certain risks, including, but not limited to, the following:

- Commodity price volatility
- Changes in production and demand for natural resources
- Supply constraints
- Regulatory changes
- Weather interruptions
- Environmental costs and liabilities
- Catastrophe risk

#### *Specific Issuer Risk*

The value of all securities will vary positively or negatively with developments within the specific companies or governments which issue the securities.

#### *Foreign Security Risk*

The value of foreign securities will be affected by factors affecting other similar securities and could be affected by additional factors such as the absence of timely information, less stringent

auditing standards and less liquid markets. As well, different financial, political and social factors may involve risks not typically associated with investing in the United States.

#### *Currency Risk*

The value of securities denominated in a currency other than US dollars will be affected by changes in the value of the US dollar relative to the value of the currency in which the security is denominated.

#### *Legislative Risk*

There can be no assurance that tax or securities laws, or the interpretation or application thereof, will not be changed in a manner that adversely affects an investment.

#### *Concentration Risk*

Some strategies concentrate their investment holdings in specialized industries, market sectors, asset classes or in a limited number of issuers. Investments in these strategies involve greater risk and volatility than broadly based investment portfolios since the performance of one particular industry, market, asset class or issuer could significantly and adversely affect the overall performance.

#### *Economic Risk*

The market value of the securities held can be adversely affected by lower or depressed levels of general economic activity and gross domestic product ("GDP") growth, including possible prolonged periods of recession or deflation, in the countries in which the companies operate.

#### *Infrastructure Industry Risk*

Companies within the infrastructure industry are susceptible to adverse economic or regulatory occurrences. Infrastructure companies may be subject to a variety of factors that may adversely affect their business or operations, including high interest costs in connection with capital construction programs, high leverage, costs associated with environmental and other regulations, the effects of economic slowdown, surplus capacity, increased competition from other providers of services, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors. Infrastructure companies may also be affected by or subject to regulation by various government authorities; government regulation of rates charged to customers; service interruption due to environmental, operational or other mishaps; the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards; and general changes in market sentiment towards infrastructure and utilities assets. Any market price movements, regulatory or technological changes, or economic conditions affecting infrastructure-related companies may have a significant impact on performance.

### *Timber Industry Risk*

Timber companies may be affected by numerous factors, including events occurring in nature and international politics. For example, the volume and value of timber that can be harvested from timberlands may be limited by natural disasters and other events such as fire, volcanic eruptions, insect infestation, disease, ice storms, wind storms, flooding, other weather conditions and other causes. In periods of poor logging conditions, timber companies may harvest less timber than expected. Timber companies are subject to many federal, state and local environmental, health and safety laws and regulations. In addition, rising interest rates and general economic conditions may affect the demand for timber products. Any factors affecting timber companies could have a significant effect on performance.

### *Agribusiness Industry Risk*

Economic forces, including forces affecting the agricultural commodity, energy and financial markets, as well as government policies and regulations affecting the agricultural industry and related industries, could adversely affect agribusiness companies. Agricultural production and trade flows are significantly affected by government policies and regulations. In addition, agribusiness companies must comply with a broad range of environmental laws and regulation. Additional or more stringent environmental laws and regulations may be enacted in the future and such changes could have a material adverse effect on agribusiness companies and may affect performance.

### *Foreign Investment Risk*

Investments in foreign securities are affected by risk factors generally not thought to be present in the United States. The prices of foreign securities may be more volatile than the prices of securities of U.S. issuers because of economic and social conditions abroad, political developments, and changes in the regulatory environments of foreign countries. Special risks associated with investments in foreign markets include less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, and difficulty in enforcing contractual obligations. In addition, changes in exchange rates and interest rates, and imposition of foreign taxes, may adversely affect the value of the Fund's foreign investments. Foreign companies are generally subject to different legal and accounting standards than U.S. companies, and foreign financial intermediaries may be subject to less supervision and regulation than U.S. financial firms. The Fund's investments in depository receipts (including ADRs) are subject to these risks, even if denominated in U.S. Dollars, because changes in currency and exchange rates affect the values of the issuers of depository receipts. In addition, the underlying issuers of certain depository receipts, particularly unsponsored or unregistered depository receipts, are under no obligation to distribute shareholder communications to the holders of such receipts, or to pass through to them any voting rights with respect to the deposited securities. Many of the risks with respect to foreign investments are more pronounced for investments in developing or emerging market countries. Emerging markets tend to be more volatile than the markets of more mature

economies and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries.

#### *Master Limited Partnership Units Risk*

An investment in MLP units involves risks in addition to the risks associated with a similar investment in equity securities, such as common stock, of a corporation. As compared to common shareholders of a corporation, holders of MLP units have more limited control and limited rights to vote on matters affecting the partnership. Additional risks inherent to investments in MLP units include cash flow risk, tax risk, risk associated with a potential conflict of interest between unit holders and the MLP's general partner, and capital markets risk. . Moreover, the value of an investment in MLPs depends largely on the MLPs being treated as partnerships for U.S. federal income tax purposes. If an MLP does not meet current legal requirements to maintain partnership status, or if it is unable to do so because of tax law changes, it could be taxed as a corporation or other form of taxable entity and there could be a material decrease in the value of its securities.

Certain MLP securities may trade in lower volumes due to their smaller capitalizations. Accordingly, those MLPs may be subject to more abrupt or erratic price movements and may lack sufficient market liquidity to enable CI to effect sales at an advantageous time or without a substantial drop in price. MLPs are generally considered interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns.

#### *Real Estate Investment Trust Risk*

In addition to the risks associated with securities linked to the real estate industry, such as declines in the value of real estate, risks related to general and local economic conditions, decreases in property revenues, and increases in prevailing interest rates, property taxes and operating expenses, REITs are subject to certain other risks related to their structure and focus. REITs are dependent upon management skills and generally may not be diversified. REITs are also subject to heavy cash flow dependency, defaults by borrowers and self-liquidation. A REIT could possibly fail to qualify for favorable U.S. federal income tax treatment, or to maintain its exemption from registration under the 1940 Act. The above factors may also adversely affect a borrower's or a lessee's ability to meet its obligations to the REIT. In addition, the REIT may experience delays in enforcing its rights as a lessor and may incur substantial costs associated with protecting its investments.

#### *Management Risk*

Each strategy is subject to management risk because it is an actively managed investment portfolio. CI will apply investment techniques and risk analyses in making investment decisions for the strategies, but there can be no guarantee that these will produce the desired results. The strategies are also subject to the risk that deficiencies in the internal systems or controls of the Adviser or another service provider will cause losses for the strategies or hinder operations. For example, trading delays or errors (both human and systemic) could prevent a strategy from

purchasing a security expected to appreciate in value. Additionally, legislative, regulatory, or tax developments may affect the investment techniques available to CI in connection with managing the strategies and may also adversely affect the ability of the strategies to achieve their investment objectives.

The foregoing is only a summary of certain risks of investing in the securities and instruments that CI uses. Specialized mandates may have particular risks not described above, and you should have a full understanding of the risks applicable to your account before engaging CI's services.

Clients are encouraged to consult their own financial advisors and legal and tax professionals both initially and periodically thereafter in connection with selecting and engaging the services of an investment manager for a particular investment strategy. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risks over time.

#### **Item 9: Disciplinary Information**

CI has no legal or disciplinary actions to report.

#### **Item 10: Other Financial Industry Activities and Affiliations**

CI has no outside activities and affiliations to report.

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

##### *Code of Ethics and Personal Trading*

CI has adopted a Code of Ethics ("Code") pursuant to Rule 204A-1 under the Advisers Act. CI's partners, officers, directors, employees, interns and temporary employees (collectively, "Covered Persons") are required to follow the Code, which sets out rules regarding personal securities transactions that are designed to address or mitigate potential conflicts of interest and to minimize any potential appearance of impropriety. The Code covers personal securities transactions of all Covered Persons and their immediate family members (as defined in the Code), which includes most persons sharing the same household as the Covered Person and other individuals for whom the Covered Person provides significant economic support.

Although the Code permits Covered Persons to trade in securities for their own accounts, Covered Persons are subject to preclearance procedures, reporting requirements, and other provisions that restrict personal trading as Covered Persons may trade in securities for their own accounts that are recommended to and/or purchased by clients. In these circumstances, there is a possibility that the Covered Person may benefit from market activity within a client account.



Personal securities transactions by Covered Persons are monitored for compliance with the Code and any Covered Person who violates the Code may be subject to remedial actions, including, but not limited to: a letter of caution, warning or censure, recertification of the Code, disgorgement of profits, suspension of trading privileges, termination of officer title, and/or suspension or termination of employment. Covered Persons are required to annually certify compliance with the Code.

CI will provide clients and prospective clients with a copy of the Code upon request.

#### *Participation or Interest in Client Transactions*

The goal of CI is to treat each client fairly and equitably, consistent with its fiduciary duties and obligations under applicable federal and state regulations, including Section 206 of the Investment Advisers Act of 1940, as amended, and relevant provisions of Section 17 of the Investment Company Act of 1940, as amended. CI performs investment advisory services for various clients and may give advice, and take action in the performance of its duties, with respect to any one client which may differ from advice given or action taken with respect to any other client, provided that over a period of time, to the extent practical, it allocates investment opportunities to each client in a manner that it reasonably believes is fair and equitable relative to other similarly-situated clients. CI has no obligation to purchase or sell a security for a client that CI, its principals, employees, or affiliates (to the extent permitted by CI's Code of Ethics) may purchase or sell for its or their own accounts, or for the account of any other client, if in the sole and absolute discretion of CI, it is deemed not appropriate to purchase or sell such security for that client.

From time to time, CI may invest in securities of an issuer and also provide investment advisory services to that issuer, or to a member of the issuer's management. In each such situation, CI considers various factors, which may include as applicable, the existing business relationship with the issuer or management of the issuer; the existing advisory relationship with the issuer or a member of management of the issuer; the current holdings of the issuer that are held by other CI clients; and any pending new security offering of the issuer. Taking into consideration the applicable factors, CI may have a conflict of interest and has established reasonable procedures designed to address such conflicts, which may include monitoring percentage of ownership and reviewing procedures for voting proxies related to such issues.

### **Item 12: Brokerage Practices**

#### *Broker Selection*

CI may select and establish securities accounts and process transactions through one or more securities brokerage firms. CI selects brokers and/or dealers (collectively, "brokers") to execute transactions for the purchase or sale of portfolio securities based upon a judgment of the broker's professional capability to provide the service. The primary consideration is to have

brokers execute transactions at best price and execution. Best price and execution refers to many factors, including the price paid or received for a security, the commission charged, the promptness and reliability of execution, the confidentiality and placement accorded the order and other factors affecting the overall benefit obtained by the account in the transactions.

When determining the reasonableness of compensation paid to a broker, CI considers competitive rates in the market, complexity of the transaction, promptness and reliability of services and other similar factors. CI's Management Committee is responsible for reviewing, on at least a quarterly basis, CI's commission levels for reasonableness. This review includes analyzing CI's trading costs relative to other investment managers. Allocation of portfolio brokerage transactions, including their frequency, to various brokers is determined by CI, in its best judgment, based on the professional capabilities of the brokers, and in a manner deemed fair and reasonable to clients. The primary consideration in selecting brokers is prompt and efficient execution of orders in an effective manner at the most favorable price, but a number of other judgmental factors may enter into the decision. These factors may include, for example: knowledge of negotiated commission rates and transaction costs; the nature of the security being purchased or sold; the size of the transaction; historical and anticipated trading volume in the security and security price volatility; and broker operational capabilities and financial conditions. Among the brokers that may be used are electronic communication networks (ECNs), which are fully disclosed agency brokers that normally limit their activities to electronic execution of securities transactions. While commission rates are a factor in CI's analysis, they are not the sole determinative factor in selecting brokers. CI does not consider, when selecting or recommending brokers, whether the broker refers clients to CI.

#### *Research Products and Services Received by CI*

When selecting a broker or dealer or an ECN for a particular transaction, CI may consider, among other factors, the value of research products or services furnished to CI by those organizations. The types of research products and services that may be received by CI include: research reports (including reports that are specific to issuers, industries and/or geographic regions); subscriptions to financial publications and research compilations that are not targeted to a wide, public audience; investment ideas; access to the broker's or dealer's traders and analysts; access to conferences and seminars that provide substantive content relating to issuers and industries; access to management teams of companies with which the broker or dealer has a relationship; access to groups of professionals with expertise in particular industries and/or subject matter areas; research-oriented computer software and services; compilations of securities prices, earnings, dividends and similar market, financial and other economic data; securities quotation services; and services related to economic and other consulting services.

CI provides clients with detailed information about the research and other products and services received by CI in exchange for client brokerage (often referred to as "soft dollar")



benefits) upon client request or in accordance with the terms set forth in the investment management agreement between CI and the client.

When the items described above are received in return for client brokerage, it relieves CI of the expense it would otherwise bear in creating such items on its own or paying for those items with its own funds. This may provide an incentive to select a particular broker or dealer or ECN based on CI's interest in receiving these items, rather than on CI's interest in receiving most favorable execution for its client accounts. However, CI chooses those brokers, dealers and ECNs it believes are best able to provide the best combination of net price and execution in each transaction.

In some instances, CI may receive from a broker or dealer a product or service that is used both for investment research and for administrative, marketing or other non-research purposes (so-called "mixed use" products and services). In those cases, CI makes a good faith effort to determine the proportion of such products or services which may be considered used for investment research. The portion of the costs of such products or services attributable to research usage (the "eligible portion") may be defrayed by CI through brokerage commissions generated by client transactions. CI pays the portion of the costs attributable to non-research usage of those products or services from its own funds.

CI's use of client brokerage to acquire research products and services is intended to qualify for the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and may involve payment of agency commissions, compensation on certain riskless principal transactions, and any other securities transactions the compensation on which qualifies for safe harbor treatment. As permitted by the Securities Exchange Act of 1934, as amended, CI engages in the long-standing investment management industry practice of paying higher commissions to brokers who provide brokerage and research services ("research services") than to brokers who do not provide such research services, if such higher commissions are deemed reasonable in relation to the value of brokerage and research services provided. CI uses these research services in its investment decision making processes. These types of transactions are commonly referred to as "soft dollar transactions."

#### *Investment Opportunity Allocation and Aggregation*

In general, CI allocates investment opportunities on a random or pro rata basis, with available cash being a major consideration, among discretionary clients that have comparable investment objectives and positions where sufficient quantities or trading volumes of a security exist. However, because some of the securities owned by CI's clients have a limited trading market, it may not be possible to purchase or sell a sufficient quantity of a security at a particular time to allocate among all clients that have comparable investment objectives and positions. In other instances, because of the nature of the markets for securities with lower volume, it may take a significant period of time to accumulate or dispose of a position in such securities at a price deemed acceptable by CI. In such cases, the price of the security may

fluctuate over time and it may be desirable to allocate trades to a particular client or group of clients in order to accumulate or dispose of a position of reasonable size in relation to the size of the account with as little disruption of the market as possible. There also may be situations where an investment opportunity, in particular a new idea, is only allocated to those accounts that the portfolio manager reasonably believes have sufficient size and diversification.

To assure that clients are treated fair and equitably, CI utilizes a rotation process, as necessary, when placing trades for clients. There are many factors used to determine when trade rotation is necessary. Among them, but not exclusive to the decision making process, is order size, liquidity and price sensitivity.

In order to seek the fair treatment of all clients, while recognizing the inherent need for flexibility, it is CI's policy to allocate investment opportunities, purchases and sales among clients on a basis that considers the characteristics and needs of the clients, including their respective investment objectives, current securities positions, cash available for investment or their cash needs and similar factors based on the portfolio manager's best judgment under the circumstances. See *Item 16: Investment Discretion* for additional information regarding CI's investment allocation procedures.

CI may, when appropriate, aggregate purchases or sales of securities and allocate such trades among two or more clients. By so doing, CI reasonably believes that over time it may be able to decrease brokerage and transaction costs to its clients through volume discounts, reduce brokerage commissions through negotiations not available to purchasers or sellers of smaller volumes of securities and/or obtain better pricing than is possible for smaller trades. In general, an aggregated purchase or sale order that is only partially filled will be allocated on either a pro rata or random basis among the clients participating in the order.

Generally, clients participating in aggregated trades will receive the same average execution price on any given aggregated order on a given business day and transaction costs will be shared pro rata based on each client's participation in the transaction.

#### *Directed Brokerage*

CI permits clients to direct transactions to a certain broker ("directed brokerage"). If a client requires CI to direct transactions to a certain broker, CI may be unable to achieve best execution for those transactions because it is unable to direct the transaction based on costs and broker capabilities. Directed brokerage may cost clients more money.

For example, in a directed brokerage account, the client may pay higher brokerage commissions because CI may not be able to aggregate orders to reduce transaction costs or the client may receive less favorable prices.



Where a client has a directed brokerage arrangement and/or negotiated a separate commission rate with that broker (which includes most clients receiving investment management services from CI through a wrap program), trades for that client may or may not be included in an aggregated trade.

When not aggregated, trades for the account may be executed before or after aggregated orders for other clients, which could result in different prices with different trading costs. Among other things, client-directed brokerage may result in:

(a) CI being unable to seek best price and execution by placing transactions with other brokers; and (b) the client foregoing benefits from savings on execution costs that might otherwise be obtained from aggregation of brokerage orders for clients.

As a result, client-directed accounts may have performance that is different from that of comparable, non-directed client accounts.

Generally, CI will execute all securities transactions for wrap fee accounts through the broker-dealer sponsoring the wrap fee program because the commission charge is included in the wrap fee payable to the program sponsor. Accordingly, trades affected through the broker-dealer sponsoring the program avoid additional transaction costs to the client. Similar to directed brokerage transactions discussed above, trades for wrap fee accounts may be executed before or after aggregated orders for other clients.

CI has adopted procedures designed to ensure that clients are treated fair and equitably in the execution of orders for wrap fee accounts. In order to ensure clients are treated fair and equitably, CI allocates investment opportunities on a random or pro rata basis, including those for wrap fee accounts.

#### *Trade Errors*

CI has adopted Trading Policies and Procedures (the "Trading Policy"), as may be amended from time to time, to address potential conflicts of interest and trading issues related to providing investment advisory services to its clients. The Trading Policy sets forth the policies and procedures that CI follows when addressing a trade error in a client account. CI considers a trade error to be an unintentional mistake, such as purchasing instead of selling a security, purchasing (or selling) an incorrect amount of a security, or purchasing (or selling) a security in contravention of an applicable guideline. The Management Committee for CI is responsible for ensuring that any such trade error is corrected in accordance with procedures designed to ensure that such error is promptly identified, corrected, and documented.

**Item 13: Review of Accounts**

Portfolio structure, selection and execution for an account are reviewed by the applicable Portfolio Manager on an ongoing basis, usually several times a week. CI's Investment Committee monitors client accounts on at least a monthly basis. On a periodic basis, CI's CCO and portfolio management review accounts and performance calculations, and perform tests on process controls, as necessary.

Clients receiving investment management services typically receive written reports at least quarterly, showing current account size, investment performance for the current quarter and year-to-date, and the investment performance of one or more relevant benchmarks. With respect to wrap program arrangements, reporting may be carried out by the program sponsor.

*Reports to Clients*

CI provides advisory clients who have separately managed accounts with written reports on a quarterly basis or more frequently upon agreement between CI and the client. These reports generally include, among other things, all purchases and sales of securities made during the reporting period and include a summary of investments in the portfolio. In addition, through telephone calls and in-person meetings, client service representatives strive to keep clients regularly informed of the investment policy and strategy CI is pursuing to achieve clients' investment objectives.

CLIENTS INVESTED IN MUTUAL FUNDS RECEIVE REPORTS FROM THE FUNDS' TRANSFER AGENT, ADMINISTRATOR OR CUSTODIAN BANK. CLIENTS IN WRAP FEE PROGRAMS RECEIVE REPORTS FROM THE WRAP FEE PROGRAM SPONSOR.

**Item 14: Client Referrals and Other Compensation**

CI may compensate others for client referrals by paying such party a percentage of fees for clients introduced to CI. If a third party is compensated with a percentage of fees, the client to whom those fees relate is informed of any such arrangement. CI will comply with all required disclosure and documentation as defined by the Investors Advisors Act and state requirements as such relate to referral compensation.

The cost of paying a referral fee to a third party is borne solely by the CI and in no way affects the fee amount that the client pays to CI. Also, as a matter of firm policy, officers, directors, and employees of CI may also be compensated for referring clients to the firm. The cost of compensating officers, directors and employees is borne solely by CI and in no way affects the fee amount that the client pays to CI.

**Item 15: Custody**

CI does not act as custodian for any clients; however CI may be deemed to have custody to the extent it may deduct advisory fees directly from a client's account. Please see *Item 5: Fees and Compensation* for more information regarding fees. All clients must appoint a qualified custodian, such as a broker/dealer, bank or trust company (a "custodian"), to maintain custody over client assets. All CI clients receive quarterly accounts statements directly from their custodian. CI advises its clients to compare the information in CI's client statements with the information in statements provided by the custodian. From time to time, a client may need to establish a new custodial relationship in order to obtain CI's investment management services. Under these circumstances, the client may ask CI to suggest an appropriate custodian for the client's account. When suggesting a custodian, CI will generally consider the execution, clearance, settlement, and other services offered by a custodian. In addition, CI may suggest an unaffiliated custodian who frequently provides custodial services for numerous other clients of CI.

There may be a conflict of interest when CI suggests such a custodian. Although CI may suggest a possible custodian to a client, the client must independently choose the custodian and setup a relationship/account with the custodian. Clients must also receive independent communications from their chosen custodian. Custodians do not compensate CI in any way for suggesting a client use them as a custodian.

**Item 16: Investment Discretion**

Clients may choose to retain CI as investment adviser with or without granting investment discretion. Where a client chooses to grant investment discretion, CI performs its advisory services by exercising full discretionary authority.

In granting full discretionary authority to CI, there is no limitation on CI's authority to select securities, or the amount of securities to purchase or sell, except as set forth in the account's investment objectives and any applicable guidelines.

Where a client does not choose to grant investment discretion to CI, CI makes investment recommendations to the client as to which securities are to be purchased or sold, and the amounts to be purchased or sold. Upon approving the recommended transactions, the client may request that CI direct the execution of purchase or sale orders to implement the recommended transactions for the client's account; however, the client retains discretion over the transaction.

CI's authority may be subject to client-imposed conditions, for example where the client restricts or prohibits transactions in certain types of securities. These restrictions may affect the performance of the client's account relative to comparable accounts. In addition, CI's authority





may also be limited in cases where a client directs or otherwise suggests that securities transactions be effected through a specific broker. See *Item 12: Brokerage Practices* for more information.

With respect to its services as an adviser to institutional clients, such as pension/profit sharing plans and endowment funds, CI provides these services to most accounts on a fully discretionary basis, subject to the overall review by the fiduciaries of these accounts. This authority is subject to specific investment restrictions and requirements of the various accounts.

### **Item 17: Voting Client Securities**

It is the policy of the CI to vote proxies for their clients only if the Client elects to have CI vote their proxies and a written agreement affirming the same is made by CI and the Client. If no written directive is made to CI, it is the responsibility of the Client to vote their proxies. However, even if a client gives CI the right to vote proxies, the client may direct CI's vote in a particular solicitation in writing. CI's Proxy Statement is subject to change as necessary to remain current with applicable rules and regulations, and internal policies and procedures.

In general, CI votes proxies in a manner designed to maximize the value of a client's investment. With respect to each proxy proposal, CI will consider the period of time that the particular security is expected to be held for an account, the size of the holding, the costs involved with the proxy proposal, the existing corporate governance structure, and the current management and operations for the particular company. As corporate governance standards, disclosure requirements and voting mechanics vary greatly among markets, especially in foreign markets, there may be instances in which CI elects not to vote. Typically, CI votes proxies in accordance with management's recommendations. However, in situations where CI believes that management is acting on its own behalf or acting in a manner that is adverse to the rights of the company's shareholders, CI will not vote with management. For each proxy, CI also considers whether there are any specific facts and circumstances that may give rise to a material conflict of interest on the part of CI in voting the proxy. In the event that a material conflict arises, CI will disclose the conflict to clients and obtain their consents before voting. All instances where CI determines a material conflict of interest may exist shall be resolved in the best interest of the applicable client.

For each proxy, CI maintains all related records as required by applicable law. A client may obtain a copy of CI's Statement of Policy Regarding Proxy Voting, or a copy of the specific voting record for the account, by contacting CI at 1-262-746-3100 or 325 Forest Grove Drive, Suite 100, Pewaukee, WI 53072.



**Item 18: Financial Information**

CI does not have any financial conditions reasonably likely to impair its ability to meet its contractual commitments to its clients, nor has CI been the subject of a bankruptcy petition at any time since its inception.

**Item 19: Other Information*****Privacy Notice***

CI works hard to maintain the highest standards of confidentiality and to respect the privacy of our client relationships. In that regard, we are providing this Privacy Notice to all of our clients who obtain financial products and services from us in accordance with Title V of the Gramm-Leach-Bliley Act of 1999 and Regulation S-P, its implementing regulations issued by the Securities and Exchange Commission.

***Sources of Information We Collect About You***

The non-public personal information we collect about you (your “Information”) comes a number of sources, such as the account applications or other forms you submit to us; transactions with us, our affiliates, or others; and information we receive from a consumer reporting agencies and/or information service firms. Information may also be collected indirectly through the monitoring and/or recording of electronic correspondence (e.g., e-mail) and telephone calls, which are not continuously accessed but may be reviewed and maintained for security or compliance purposes.

***Categories of Disclosed Information***

We may disclose the following kinds of non-public information about you:

Information we receive from account applications or other forms, derived primarily with opening an account with us, includes such items as your name, address, social security number, assets and income;

Information about your transactions with us, our affiliates, or others, such as your account balance, payment history, parties to transactions; and information we may receive from a consumer reporting agency and/or information services company includes your creditworthiness, credit history and identity verification.

***Our Disclosure Policies***

This may include sharing your Information with non-affiliated companies that perform support services related to your account or process your transactions with us. Additionally, it may include disclosing your Information pursuant to your express consent, to fulfill your instructions, or to comply with applicable laws and regulations. An important element of our



disclosures to non-affiliated companies relates to the opening account process and complying with federal law as embodied in the requirements of the USA Patriot Act, especially its customer identity verification provisions.

We do not disclose Information about our customers or former customers to anyone, except as permitted by law.

#### ***Opt-Out Availability***

If you prefer that we not disclose nonpublic personal information about you to nonaffiliated third parties, you may opt out of those disclosures, that is, you may direct us not to make those disclosures (other than those allowed by law). If you wish to opt out of disclosures to nonaffiliated third parties, you may call the CI New Accounts Department at (262) 746-3100.

#### ***Our Confidentiality and Security Policies***

CI limits access to your Information to those of our employees and service providers who are involved in offering or administering the products or services that we offer. We maintain physical, electronic and procedural safeguards to guard your nonpublic personal information.

#### ***Class Action Claims***

The filing of Proof of Claims for class action lawsuits is not one of the services which CI typically provides to clients. CI will forward any materials received regarding class action lawsuits and bankruptcies to the client at their address of record. After termination of an advisory relationship, CI will use reasonable efforts to forward any class action notices that it receives to the client, or the client's authorized representative.

#### ***Portfolio Holdings Disclosure***

From time to time, CI may make available to third parties current or historical information regarding the portfolio holdings of a separate account client. These third parties may include rating agencies, industry trade groups, consultants and financial publications. In compliance with applicable law and consistent with its fiduciary duties, CI will generally only release such information when it is otherwise publicly available, when there is a validly executed agreement imposing a duty of confidentiality on the other party and covering the use of the information, or when CI reasonably believes that the release will not be detrimental to the best interests of the applicable client. With respect to the portfolio holdings of the mutual funds, such disclosures are also subject to the mutual funds' respective policy regarding disclosure of portfolio holdings.