

Item 1 Cover Page

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Brochure Date: March 31, 2015

This Brochure provides information about the qualifications and business practices of Advisory Research, Inc. ("Advisory Research") and the International and Global strategies. If you have any questions about the contents of this Brochure, please contact us at (312) 565-1414. 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.

ARI is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. Additional information about ARI is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

There are no material changes in this brochure dated March 31, 2015 as compared to Advisory Research's previous annual update dated March 28, 2014.

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Item 4 Advisory Business

A. **Background and Ownership.** Advisory Research, Inc. was founded in 1974, and is a wholly-owned subsidiary of Piper Jaffray Companies, a publicly traded company listed on the NYSE trading under the symbol PJC.

B. **Description of Services and Schedule of Fees.**

1. Types of Services. Advisory Research primarily manages investments with discretionary authority on behalf of clients (1) directly (primarily through investments in equity securities), (2) through various multi manager programs for which Advisory Research serves as a sub-advisor, and (3) through the use of commingled investment or mutual funds, based on the goals and objectives of each individual client (“Management Services”).

In limited situations, Advisory Research provides nondiscretionary management of advisory accounts pursuant to nondiscretionary model UMA agreements (“Model Services”).

2. Types of Investments. The Advisory Research International/Global Investment Team (“International/Global Team”) primarily invests in non-U.S. securities for its international strategy clients and non-U.S. and U.S. securities for its global strategy clients. From time to time, investments may also include warrants, options, investment company securities, convertible securities, depositary receipts, participation certificates and interests in private limited partnerships managed by ARI.

C. **Individualized Services.** Advisory Research seeks to provide advisory services that are tailored to the individual needs of each client. As a result, clients may impose restrictions on investing in certain securities or types of securities by contacting their relationship manager and/or notifying Advisory Research in writing.

D. **Assets Under Management.** As of December 31, 2014, Advisory Research had \$11.7 billion in assets under management. Of this amount, \$11.5 billion were discretionary assets and approximately \$187 million were non-discretionary assets. The International/Global Team managed \$900,000,000 in assets under management as of December 31, 2014.

Item 5 Fees and Compensation

Fee Overview. Fees are calculated quarterly based on the total market value of assets under supervision, as determined as of the close of business of each quarter, and billed in arrears. In certain circumstances, such as when a client may request a customized strategy, Advisory Research may create customized fee schedules. In addition, some clients may negotiate different fees, billing format and/or time frame. Exceptions to the general fee schedule may be made under certain circumstances depending upon the exact nature of the services to be performed or responsibilities assumed by

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Advisory Research. For example, Advisory Research may negotiate fees where a client is seeking to invest substantial amounts or is a strategic client, including those clients Advisory Research serves as a model provider or sub-advisor, or on occasion Advisory Research may charge a performance based fee which may result in fees generally ranging from 0.30% to 1.25% per annum. Fees will be presumed final unless the client raises any objections or questions within a reasonable period of time.

Billing Methods. Advisory Research will work with each client to determine their preferred billing method. In most cases Advisory Research will generate an invoice quarterly in arrears and submit that invoice either to the client or a client's designated agent for payment. In some cases, clients may also elect to permit Advisory Research to deduct management fees from custodial accounts electronically. In the event that Advisory Research is permitted to deduct management fees electronically, Advisory Research will also deliver an informational copy of the invoice to the client or his/her designated agent.

Fee Schedules for Separately Managed Accounts. The following fees are for separately managed accounts invested in the following International and Global products/styles.

Emerging Markets Opportunities Equity

Assets Under Management

All Assets:

Fee Schedule

1.15% per annum

International Small Cap Value Equity

Assets Under Management

First \$20,000,000

Above \$20,000,000

Fee Schedule

1.00% per annum

0.80% per annum

Japan Value Equity

Assets Under Management

First \$20,000,000

Above \$20,000,000

Fee Schedule

1.25% per annum

1.00% per annum

Global Small Capitalization Equity

Assets Under Management

First \$20,000,000

Above \$20,000,000

Fee Schedule

1.25% per annum

1.00% per annum

Global Value Equity

Assets Under Management

First \$20,000,000

Above \$20,000,000

Fee Schedule

1.00% per annum

0.80% per annum

Non-US Smaller Companies

Assets Under Management

All Assets:

Fee Schedule

1.15% per annum

Notes. Accounts managed by Advisory Research are held in custody by a third party bank or brokerage of client's choosing. It should be noted that Advisory Research's fees are exclusive of brokerage commissions, transaction fees, and/or other related costs and expenses which may be incurred by the client. Item 12 further describes the factors that Advisory Research considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions). Clients may also incur charges imposed by custodians, brokers and/or other third parties, such as: custodial fees, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes of brokerage accounts and securities transactions. With respect to mutual funds, exchange traded funds and other collective investment vehicles in separately managed accounts, ARI's fees are in addition to advisory fees which may be charged by such mutual funds and collective investment vehicles as per the fund's prospectus. It may be noted that Advisory Research does not receive any portion of such charges, fees, and/or commissions. Additionally, no separate account fees are charged to the client with respect to assets invested in investment vehicles which are affiliated with Advisory Research.

Where Advisory Research acts as a sub-advisor pursuant to multi-manager programs, fees set forth above may be discounted depending on the nature and scope of the relationship. In addition, fees charged for nondiscretionary model UMA services may be negotiated on a case-by-case basis and may also be discounted off of the above schedules.

Commingled Limited Partnerships. Advisory Research serves as a general partner and the International/Global Team manages commingled limited partnerships which are invested in Small Cap Equities. Management fees for these limited partnerships generally range from 0.40% to 1.50% per annum.

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

Advisory Research has entered into performance fee arrangements with qualified clients. In these cases, such fees are subject to individualized negotiation with each such client. Advisory Research will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisors Act of 1940 (The Advisors Act) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, ARI shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for Advisory Research to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Advisory Research has implemented procedures designed to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

- Accounts within a strategy are generally managed to the corresponding strategy's model portfolio, subject to client-imposed limitations.

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- Advisory Research regularly reviews each investment strategy's model portfolio versus individual client accounts. In this review, position sizes for client accounts are compared to the model weights.
- Advisory Research has trade allocation policies and procedures designed to ensure that all clients are treated fairly and equally and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 Types of Clients

Advisory Research provides portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, registered mutual funds, private investment funds, trust programs, foreign funds such as Undertakings for Collective Investment in Transferable Securities ("UCITS Funds"), and other U.S. and international institutions.

As previously noted, Advisory Research also acts as a sub-advisor in Unified Managed Account ("UMA" or model) programs.

ARI requires a minimum \$5,000,000 asset value for separately managed accounts utilizing its International and Global strategies.

These minimums apply to accounts on an individual basis. Exceptions to the minimum can be made if other factors or relationships deem it to be in the best interest of the client for Advisory Research to manage the relationship.

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

Overview of International and Global Investment Strategies. The International/Global Team manages various equity investment strategies, including International Small Cap Value, Non-U.S. Smaller Companies, Emerging Markets Opportunities, Japan Value, Global Value, and Global Small Cap. The team's strategies seek long-term capital appreciation by investing primarily in equity securities selected using a value approach. The strategies utilize a bottom-up security selection process based on in-house research. The companies that are chosen for the portfolio are those that we believe have undervalued assets or stocks that have been abandoned by the institutional investment community.

The portfolio construction process uses a combination of quantitative and qualitative analysis to arrive at a diversified portfolio of what the team believes are attractively valued securities. The team seeks to identify companies that trade at attractive valuations relative to net asset value, with low probability of financial distress, adequate liquidity, and that are profitable. In conducting research, the team's primary information sources include, database screening, broad and industry specific publications, reviews of company activities and interviews with management, and annual reports.

The team performs extensive quantitative financial and business analysis to determine the possible risk of an investment. To do so, significant time is spent revaluing both the assets and the liabilities to

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determine the net asset value of the company. Then, with a focus on the upside potential, the team researches the company to see if it has an identifiable path to unlock and enhance value.

In most cases, Advisory Research's investment strategies include long term purchases (securities held at least a year), and short term purchases (securities sold within a year). In some cases, trading (securities sold within 30 days), short sales, margin transactions and option writing, including covered options, uncovered options or spreading strategies, may also be employed.

Risks of Investing. In all cases, investing in securities involves risk of loss that clients should be prepared to bear. In addition, while Advisory Research applies investment techniques and risk analyses in making its investment decisions, there can be no guarantee that these decisions will produce the desired results. Some other risks applicable to certain strategies include:

- **Equity Risks:** The value of the securities held in International and Global Investment Strategies may fall due to general market and economic conditions, perceptions regarding the industries in which the issuers of securities held by the Strategies participate, or factors relating to specific companies in which the Strategy invests. The stock market has been subject to significant volatility recently which has increased the risk associated with an investment in Equity Investment Strategies.
- **Value Stock Risk:** Value stocks involve the risk that the value of the security will not be recognized for an unexpectedly long period of time or that the security is not undervalued but is appropriately priced. A focus on value investing may cause Advisory Research's International and Global Investment Strategies to underperform when growth investing is in favor.
- **Finance Sector Risks:** From time to time, International and Global investment strategies may include a greater investment in the finance sector, which may be subject to specific risks. These risks include governmental regulation of the sector and governmental monetary and fiscal policies which impact interest rates and currencies and affect corporate funding and international trade.
- **Small- and Mid-Cap Company Risks:** Advisory Research's International and Global investment strategies invest in Small- and Mid-Cap Companies and as a result may be subject to more abrupt market movements and may have lower trading volumes than securities of larger, more established companies or market averages in general. In addition, these companies typically are more likely to be adversely affected than large capitalization companies by changes in earning results, business prospects, investor expectations or poor economic or market conditions.
- **Preferred Securities Risk:** Preferred securities represent equity interests in a company that generally entitle the holder to receive, in preference to the holders of other stocks such as common stocks, dividends and a fixed share of the proceeds resulting from a liquidation of the company. Preferred securities are generally subordinated to bonds and other debt instruments in a company's capital structure in terms of having priority to corporate income, claims to corporate assets and liquidation payments, and therefore will be subject to greater credit risk than more senior debt instruments. Preferred securities are subject to issuer specific and market risks applicable generally to equity securities and are sensitive to changes in the issuer's credit

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worthiness and to changes in interest rates, and may decline in value if interest rise. In addition, preferred securities often have features that can adversely affect their returns.

- **Convertible Securities Risk:** The value of a convertible security may be affected by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer, the ability of the issuer to repay principal and to make interest payment and other factors also may have an effect on a convertible security's investment value.
- **Emerging Market Risk:** Many of the risks with respect to foreign investments are more pronounced for investments in issuers in developing or emerging market countries. Emerging market countries tend to have less government exchange controls, more volatile interest and currency exchange rates, less market regulation, and less developed economic, political and legal systems than those of more developed countries. In addition, emerging market countries may experience high levels of inflation and may have less liquid securities markets and less efficient trading and settlement systems.
- **Geographic Risk:** To the extent that an International or Global strategy focuses its investments in a single country or only a few countries in a particular geographic region, economic, political, regulatory or other conditions affecting such region may have a greater impact on a Strategy's performance relative to a more geographically diversified strategy.
- **Other Risks Relevant to International Equity Investment Strategies:** The investment by Advisory Research's International and Global investment strategies in non-U.S. issuers may involve unique risks compared to investing in securities of U.S. issuers. Adverse political, economic or social developments could undermine the value of such securities or prevent a portfolio from realizing the full value of its investments. Financial reporting standards and transaction settlement systems for companies based in foreign markets differ from those in the United States. In addition, the underlying issuers of certain depositary receipts, particularly unsponsored or unregistered depositary 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. The investment in non-U.S. securities that trade in, and receive dividends in, foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar. Currency rates in foreign countries may fluctuate significantly over short periods of time due to the imposition of currency controls or other political developments in the United States or abroad. As a result, investments in non-U.S. dollar-denominated securities and currencies may reduce the returns of a portfolio.

Description of Limited Partnerships of which Advisory Research acts as General Partner. Advisory Research serves as a general partner and the International/Global Team manages commingled limited partnerships (the Funds) which focus in global small cap and international value securities. Prior to investing in the Funds the Private Placement Memorandum ("PPM") along with the offering documents should be reviewed for a detailed discussion of risks associated with these Funds.

Item 9 Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Advisory Research or the integrity of its management. Advisory Research has no information applicable to this Item.

Item 10 Other Financial Industry Activities and Affiliations

Advisory Research is affiliated with Piper Jaffray & Co., Piper Jaffray Investment Management LLC, and PJC Capital Partners LLC. Piper Jaffray & Co. provides Advisory Research with various resources and services, including information technology, compliance, human resources, and legal and accounting services. In order to address a potential conflict of interest resulting from the affiliation between Advisory Research and Piper Jaffray & Co., a registered broker-dealer, it is Advisory Research's policy that it will not utilize such brokerage services when placing trades for client accounts.

Advisory Research's Chief Executive Officer also serves as the Head of Asset Management for Piper Jaffray Companies. In this role, Mr. Christopher Crawshaw is involved in the strategic planning of the asset management component for Piper Jaffray Companies, including its other asset management subsidiaries. To address any potential conflicts of interest associated with his role, Mr. Crawshaw is subject to the Codes of Ethics of both Advisory Research and Piper Jaffray.

Advisory Research serves as an advisor to various Advisory Research Funds, which are a series of the Investment Managers Series Trust, and a general partner to commingled limited partnerships which are managed by the International/Global Team. Certain Advisory Research employees are registered representatives of Piper Jaffray & Co., a registered broker dealer for the purpose of marketing the Advisory Research Funds.

A conflict of interest may arise if the International/Global Team recommends the Funds to its clients and also owns units of the Funds as do several of Advisory Research's employees. The International/Global Team manages its own assets and employee assets along with client assets and may be incented to provide preferential treatment to employee and internal accounts. To address this potential conflict, Advisory Research has developed procedures that provides for these accounts to be treated similarly to any other client account and in a manner that Advisory Research believes does not conflict with the interests of any client.

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

Code of Ethics. Acknowledged by all employees at the inception of their employment and annually thereafter, Advisory Research's Code of Ethics includes general standards of conduct and more specific provisions designed primarily to protect the interest of Advisory Research's clients as well as the reputation of Advisory Research as a firm committed to upholding high ethical standards.

A copy of Advisory Research's Code of Ethics is available to any client or prospective client upon request by contacting Advisory Research's Compliance Department at (312) 565-1414.

Contents of the Code include:

- Standards of Conduct
- Policies for insider trading
- Policies for employees' personal securities transactions
- Policies on gifts, entertainment & contributions
- Confidentiality policies

Clients should anticipate that, from time to time, Advisory Research, its principals, employees, their family members and/or individuals associated with Advisory Research and/or affiliates of such persons will buy or sell the same securities for their personal accounts which are identical to those recommended to clients or that the clients own. At no time will Advisory Research or its affiliates put personal interests before that of its clients', or intentionally disadvantage clients when executing trades and all client orders will be filled before Advisory Research's or its affiliates' orders.

It is Advisory Research's policy that it will not affect principal or agency cross securities transactions for client accounts. In general, Advisory Research does not conduct other cross transactions but on occasion may do so if Advisory Research believes that such transactions are consistent with investment objectives of, and in the best interest of, the clients involved. In the circumstance where Advisory Research does conduct a cross transaction, Advisory Research may have conflicting loyalties in such transactions, since it represents both the client-seller and client-buyer. Advisory Research has adopted policies and procedures to address the manner in which cross trades are conducted including (1) cross trades will be (1) a purchase or sale, for no consideration other than cash payment against prompt delivery of a security for which market quotations are readily available, that is (2) executed through an independent broker, and that is (3) executed at the independent current market price of the security. For the purpose of this policy, the "current market price" is generally the last sale price of a reported security at the time the order is presented. If there are no reported transactions that day, the current market price may be determined as the average of the highest current independent bid and lowest current independent offer for such security. In limited circumstances, thinly traded or low volume securities have a spread that is wide enough that to use the last sale price as the current market price may not be in the best interest of both clients. In these situations the average of the National Best Bid and Offer is used as the current market price.

On occasion, Advisory Research may also utilize a third party VWAP crossing network to execute trades in order to ensure low commission rates and no market impact. These "blind" transactions are designed to provide anonymous negotiations without identifying the parties and function in a manner similar to the operation of an exchange. The VWAP cross electronically matches all buyers and sellers (not just Advisory Research clients) and executes order at the end of the day at a price equal to the full-day VWAP. Advisory Research is not aware whether any inadvertent crosses have occurred between its own clients. The positions are at risk during the period of time they are matched in the crossing network and there are risks that all trades may not be executed using the crossing network.

Item 12 Brokerage Practices

In selecting a broker/dealer through which to purchase or sell securities, Advisory Research will look for the most favorable combination of transaction cost, transaction ability, research and other services. In

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connection, price and commissions, execution ability, clearance procedures, and the nature and quality of research and other brokerage services provided by the broker/dealer are considered in using a specific broker.

Selecting Brokers & Use of Soft Dollars

Advisory Research also has relationships with particular brokers who provide research and other related services through soft dollar arrangements. Although Advisory Research may receive proprietary research publications from various broker dealers, such as economic overviews on particular industries, the substantial majority of the products and services obtained through these soft dollar arrangements generally constitute third party research and research-related products and services in the form of research. Advisory Research may also acquire services which have a mixed use, in addition to research. In the case of mixed use items, Advisory Research allocates a percentage ratio of soft and hard dollars to the product / service acquired. This allocation is based on a good faith determination of the portion of the product / service that it is considered to be used in the investment decision-making process versus the portion that is used by Advisory Research for non-investment decision-making purposes. The portion that is considered to be used for investment decision-making may be paid for using soft dollars, while the non-investment decision-making portion is paid for with hard dollars. In such cases, Advisory Research may have an incentive to allocate a higher soft dollar portion of the allocation based on its interest in receiving such products or services; however, Advisory Research has established policies and procedures to periodically review its allocation process and resulting allocations.

When Advisory Research utilizes client brokerage commissions (or markups or markdowns) to obtain research or other products or services, it receives a benefit because it does not have to pay for the research, products or services. As a result, Advisory Research may have an incentive to select or recommend a broker-dealer based on its interest in receiving these products or services, rather than on its clients' interest in receiving most favorable execution. Advisory Research will only choose such broker/dealers when the execution complies with the principles of best execution. Additionally, Advisory Research utilizes soft dollar benefits to service all its accounts and does not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Selecting Brokers & Referral Arrangements

Advisory Research may select as a broker/dealer for client transactions, broker/dealers that have affiliated entities who have referred or may refer clients to Advisory Research. In such cases, Advisory Research may have an incentive to select or recommend a broker-dealer based on its interest in receiving referrals, rather than on the clients' interest in receiving more favorable execution. Notwithstanding, Advisory Research will only choose such broker/dealers when the execution complies with the principles of best execution. Advisory Research has no formal relationships or agreements with any broker/dealer or associated person thereof which requires Advisory Research to direct, or which compensates Advisory Research for directing, any specified level of brokerage/commissions to any broker/dealer.

Client-Directed Brokerage

With respect to Advisory Research's management services, clients generally are required to give Advisory Research discretion and authority to manage their assets under Advisory Research's supervision. Consequently, Advisory Research determines which securities to buy or sell, the broker or dealer through which the securities will be bought or sold, and the commission rates at which transactions are affected. Any limitations or restrictions, with respect to the exercise of this investment discretion, will be those established by the client, in writing, at the commencement of the advisory relationship or thereafter.

A small number of Advisory Research's clients have designated the broker-dealer through which they want their securities transactions executed. Advisory Research will review such designations to assess whether they are inconsistent with Advisory Research's duty of best execution for the client. It should be noted that a client's direction to use a particular broker may limit or eliminate Advisory Research's ability to (i) negotiate commissions on the client's behalf, (ii) obtain best price and execution, (iii) include the client's orders in bunched orders, (iv) obtain certain securities or participate in certain transactions on behalf of the client, or (v) place orders for client transactions in as timely a manner as orders are placed for Advisory Research's other clients.

Bunched Orders

Advisory Research's decisions to execute trades must include a decision on position size consistent with the investment objectives, guidelines and restrictions of its clients. From time to time, it may be appropriate for more than one client account to trade in the same securities at the same time in a "bunched order". In the case of bunched orders, allocations to multiple clients must be based on fair and equitable treatment of all clients, taking the following factors into consideration, among others:

- Investment objectives and requirements.
- Risk-management requirements.
- Adherence to any limits as defined in the applicable client's investment guidelines.
- Capital availability in each client account for trade of type under consideration.
- Liquidity/availability of securities.
- Current sector and/or security diversification in each client's account.

Item 13 Review of Accounts

Advisory Research provides ongoing review of its client accounts. This includes reviewing objectives to assure they are appropriate and accounts are managed in a manner consistent with the objectives of the client. Asset allocation, diversification, individual holdings and performance will be reviewed. In addition to the above, accounts will generally be reconciled daily to custodial records. Clients generally receive statements of all holdings and positions in their portfolio on a monthly basis.

The international investment research, financial analysis and portfolio management duties are primarily performed by a team of investment professionals led by Jonathan Brodsky, Managing Director; Marco Priani, CFA, CPA, FRM, Managing Director and S. Drew Edwards, Managing Director. The U.S. Investment Team contributes to the Global strategies and is led by Matthew Swaim, Managing Director.

Item 14 Client Referrals and Other Compensation

Advisory Research may compensate a limited number of U.S. or non-U.S. third party referral sources who, on a fully disclosed basis (in compliance with Rule 206(4)-3), receive a small portion of Advisory Research's standard advisory fees which are paid by the client, to Advisory Research.

Advisory Research has an agreement with Piper Jaffray & Co., an affiliated broker dealer, whereby its sales representatives may refer clients to Advisory Research for a referral fee. The sales representative shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation by providing a copy of the disclosure statement containing the terms and conditions of the solicitation arrangement. It is Advisory Research's policy that it will not utilize the brokerage services of Piper Jaffray & Co. when placing trades for client accounts.

From time to time Advisory Research may receive referrals from particular brokers who provide research and other related services through soft dollar arrangements with Advisory Research. As disclosed previously, Advisory Research will only choose such broker/dealers when the execution complies with the principles of best execution. Advisory Research has no formal relationships or agreements with any broker/dealer or associated person thereof which requires Advisory Research to direct, or which compensates Advisory Research for directing, any specified level of brokerage/commissions to any broker/dealer.

Advisory Research has relationships with other parties which may include service providers, accountants, lawyers and data providers whose compensation is solely for the services for which they are engaged and may from time to time refer clients to Advisory Research.

Item 15 Custody

Advisory Research does not provide custodial services to its clients. Clients' assets are held with banks or registered broker-dealers that are "qualified custodians." Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Advisory Research urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Advisory Research clients that have not received a statement at least quarterly from his or her custodian are strongly encouraged to contact us.

Item 16 Investment Discretion

Advisory Research usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

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When selecting securities and determining amounts, Advisory Research observes the investment policies, limitations and restrictions of the clients for which it advises. For registered investment companies, Advisory Research's authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

Advisory Research requests that investment guidelines and restrictions be provided to it by its clients in writing.

Item 17 Voting Client Securities

Advisory Research has engaged and may utilize Institutional Shareholder Services ("ISS") to provide proxy voting services for clients for whom Advisory Research exercises proxy voting authority. Advisory Research has adopted standard proxy voting guidelines, which are generally applied by ISS to all Advisory Research proxy votes, absent instruction from Advisory Research to the contrary. Advisory Research generally votes in accordance with its proxy voting guidelines; however, in rare circumstances Advisory Research may opt to override the guidelines if it is decided to be the best interest of its clients.

Complete proxy voting policies and procedures, including complete guidelines are available upon request. Additionally, clients may contact Advisory Research at (312) 565-1414 to obtain information on how securities were voted.

Class Action Litigations and Settlements

From time to time securities held in a client's portfolio may be the subject of class action litigation. The decision regarding whether to file a proof of claim in a class action settlement is a question involving legal judgment. Advisory Research's Investment Advisory Contract does not provide sufficient authority to file a proof of claim form. If a client requests additional assistance, Advisory Research will provide any transaction information pertaining to the client's account that may be helpful and/or needed in order for the client or their custodian to file a proof of claim in a class action.

Item 18 Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Advisory Research's financial condition. Advisory Research has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding. Piper Jaffray Companies files quarterly and annual financial statements with the SEC. These are available through the SEC and on Piper Jaffray's web site at the following location: http://www.piperjaffray.com/2col_largeright.aspx?id=161

CUSTOMER PRIVACY NOTICE

Advisory Research, Inc. is committed to maintaining the confidentiality, integrity and security of personal information entrusted to us by current and former clients. We understand that your privacy is important to you and will continue to treat your personal information as confidential. This Privacy Notice provides general information on how we utilize and protect your personal information.

We possess personal information about you from the following sources:

- Information we receive from you on applications or other forms, such as your name, address, Social Security number and information about your financial status, such as your income and investment objectives;
- Information about your transactions with us, with our affiliates, or with others; and
- Information you provide us through your account inquiries by mail, telephone or over the internet.

We restrict access to your personal information to those personnel within the firm who need to know that information in order to process your transactions or to provide products and services to you. Personnel who have access to your personal information are required to keep all information strictly confidential.

We do not disclose any personal information about our clients or former clients to third parties unless one of the following limited exceptions applies. Names and addresses are never sold to third parties for any outside use.

- Upon your written, electronic or telephonic request, we will disclose personal information to third parties such as accountants, lawyers, brokers etc. as directed by you.
- We may disclose your personal information to only those affiliates and nonaffiliated third parties to help us service and maintain accounts and process transactions and perform other services on behalf of the account, such as bank trustees or broker-dealers acting as custodians for your account.
- We may disclose or report personal information as required by law, to our legal and accounting professionals, and to our software vendors who provide technical support necessary to safeguard the integrity of our systems and to assist us in providing better services to you.
- In connection with a proposed or actual sale, merger, transfer or exchange of all or a portion of our business, we may disclose your information to the potential acquirer and its legal, accounting and other professionals, subject to a contractual obligation to maintain strict confidentiality by these professionals.
- When disclosing information to third parties, we disclose only the minimum amount of information required to satisfy the specific service we have requested.

We maintain physical, electronic and procedural safeguards that comply with federal standards to guard your non-public personal information. We only disclose information to parties who provide necessary services to us and who are contractually obligated to maintain the confidentiality of your account information. We take seriously the obligation to protect against unauthorized access to or use of your personal information in connection with its disposal.

This privacy policy is provided by Advisory Research, Inc., a registered investment advisor, in accordance with regulations of the Securities and Exchange Commission. Please contact Advisory Research, Inc., if you have any questions regarding our privacy notice.

Advisory Research, Inc. ERISA 408(b)(2) DISCLOSURE

This disclosure is provided in connection with the investment management services provided by Advisory Research, Inc., (“ARI”) to the Plan and are designed to comply with the disclosure requirements under Section 408(b)(2) of ERISA. If you are not the “responsible plan fiduciary” authorized to engage service providers for the Plan, please forward these materials to the appropriate Plan fiduciary. Please note that this document is not itself an agreement for services. Further, this document is neither intended to replace or amend any agreement or other contract ARI or any affiliate may have with the Plan, nor is it any guarantee with respect to the pricing of any of our services. In the event of any discrepancy between the information contained in these materials and the terms that govern our contractual relationships with the Plan, the latter will govern.

Description of Services that ARI Provides to the Plan

ARI provides investment management services to your Plan. A complete description of these services can be found in the investment management or other agreement (“Agreement”) between ARI and the Plan or a third party on behalf of the Plan. All services that ARI expects to provide are listed in the Agreement, and may include ancillary services at no additional cost, such as research, market updates, educational events, conversations with professionals and other market color or analytics. This disclosure relates solely to the services provided in connection with the Agreement. For further information about ARI’s services, please refer to ARI’s Form ADV, Part 2A.

ARI’s Fiduciary and Registered Investment Adviser Status to the Plan

ARI provides its services to the Plan as a fiduciary as defined in Section 3(21) of ERISA and as an investment manager as defined in Section 3(38) of ERISA. ARI also provides services to the Plan as an investment adviser registered under the Investment Advisers Act of 1940.

Direct Compensation

ARI receives direct compensation from the Plan in connection with the investment management services it provides to the Plan. The amount of direct compensation that is paid to ARI is stated in the Agreement and/or accompanying Fee Schedule.

Manner of Receipt of Compensation

The compensation due to ARI is billed by ARI with the frequency set forth in the Agreement and payment is remitted to ARI by the Plan or the Plan’s sponsor. In general, if a Client opts to pay its management fees in advance and the Agreement is terminated prior to the end of the billing period, the management fees will be pro-rated for the portion of the billing period in which the Agreement was in effect and the Plan will be issued a refund for any excess fees paid to ARI.

Indirect Compensation; Conflicts of Interest

ADVISORY RESEARCH

INVESTMENT MANAGEMENT

When acting as an ERISA fiduciary, ARI and its affiliates are generally not permitted to receive indirect compensation in respect of any such fiduciary services. Under certain circumstances, ARI may receive proprietary research from broker-dealers with which or through which ARI executes or effects trades for client accounts. It is ARI's belief that in many cases, the research and other information that is provided to ARI is offered without charge and without any commitment on the part of ARI to engage in any specific business or transaction. For example, with respect to ARI's fixed income transactions, ARI does not have any soft dollar arrangements with broker-dealers, nor does ARI direct client transactions to particular broker-dealers in return for soft dollars. ARI believes that in executing such transactions it is guided solely by its fiduciary responsibilities to its clients, including its duty to obtain the most favorable pricing and execution under the prevailing circumstances, and considering the factors further detailed in Item 12 of ARI's Form ADV, Part 2A. In other cases (such as equity transactions traded on an agency basis), ARI may pay for research through commissions or other equivalents. ARI believes in these cases that the research it receives is not based on any particular account or transaction, including that of the Plan, and that, given the inherent nature of the research obtained (which, for example, may include "proprietary" research) ARI is unable to provide any meaningful quantitative information attributable to the Plan's account on a prospective basis. An overview of ARI's soft dollar policy is provided in Item 12 of ARI's Form ADV, Part 2A. ARI has adopted policies and procedures that seek to manage potential conflicts of interest, or the appearance of such conflicts, that may arise from the exchange of gifts and participation in meals and entertainment by ARI employees with third parties (e.g., clients, brokers, vendors, issuers and consultants). ARI generally prohibits the giving and receiving of gifts of more than nominal value by our employees. Our personnel may occasionally host or accept meals and/or entertainment associated with ARI's business, subject to applicable law and limitations set forth in our Gifts and Entertainment policies. Such limitations, among other things, require meals and entertainment to be modest in scope and cost and infrequent in nature. Our policies also strictly prohibit the offer or acceptance of bribes. ARI believes that anything of value received by ARI employees from third parties would be received in the context of a general business relationship and should not be viewed as attributable or allocable to services provided to any individual plan. Based on prior history and our policies and procedures, ARI believes that the aggregate annual value of nonmonetary gifts allocable to the Plan would not be expected to be reportable with respect to the Plan for purposes of the Department of Labor's Form 5500 Schedule C reporting rules.

Compensation Paid Among ARI and Its Affiliates and/or Subcontractors

The Plan does not pay any transaction based compensation to ARI, its affiliates and/or subcontractors in connection with the investment management services ARI provides to the Plan. The Plan also is not charged any such compensation directly against the assets of the Plan held in the separate account in connection with the investment management services ARI provides to the Plan.

Compensation for Termination of the Agreement

Provisions relating to termination of the Agreement are set forth in the Agreement.

Compensation for Recordkeeping Services

ARI does not receive any compensation for providing recordkeeping services related to the maintenance of Plan accounts, records or statements.

ADVISORY RESEARCH

INVESTMENT MANAGEMENT

Disclosures Applicable to Participant Directed Defined Contribution Plans Only

If the Plan is a 401(k) plan (or other individual account or defined contribution plan), ARI expects that the compensation it receives would be included in disclosures of the overall fees and expenses for the designated investment alternative for which ARI provides investment management services (as set forth in the Agreement). As ARI does not manage or control all aspects of the Plan's designated investment alternative, there may be fees and expenses from other service providers to be included in any reporting of the overall fees and expenses of the designated investment alternative. For example, this could include trust fees or other fees and expenses, if any. Please consult such other service providers for disclosure of that information.

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We believe the foregoing reflects the information required to be provided under Section 408(b)(2) of ERISA in connection with the services ARI provides to the Plan. If you have any questions or require further information, including copies of any of the documents referenced herein, please do not hesitate to contact your ARI representative.