



FORM ADV PART 2A – DISCLOSURE BROCHURE
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Choate Investment Advisors LLC
Two International Place
Boston, Massachusetts 02110
(617) 973-4900
choateinvestmentadvisors.com

This brochure provides information about the qualifications and business practices of Choate Investment Advisors LLC. If you have any questions about the contents of this brochure, please contact us as (617) 973-4900. 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.

ITEM 2 MATERIAL CHANGES

This summary discloses only material changes since our last annual update, dated March 31, 2016.

CIA provides advisory services to a private fund (the “Private Fund”) established in 2017 to invest in other unaffiliated private funds from a variety of asset classes. The Private Fund is offered to CIA’s clients and employees to provide access to a more diversified portfolio of private investments than if investing directly in each fund on an individual basis.

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ITEM 4 ADVISORY BUSINESS

Choate Investment Advisors (“CIA” or “we”) is an SEC registered investment advisor and wholly owned subsidiary of Choate, Hall & Stewart LLP (“CHS”), a Boston, Massachusetts law firm. Originally established in 1996 to primarily provide investment advisory services to CHS attorneys who serve as trustees, CIA now provides comprehensive, integrated investment and wealth management services. With over \$4 billion in assets under advisement, we offer institutional quality investment advice to help clients manage their current assets and plan for the long-term. We have been managing investment portfolios for high net worth individuals, trusts, charitable foundations and nonprofit organizations since our inception. We have a strong investment team composed of employees with advanced degrees, CFA designations and years of experience.

We have no restrictions on the range of investments we can make for our clients. As a result, we are completely objective and focused on evaluating and providing access to appropriate investment vehicles. Because of our size, we are in a position to provide our individual clients with personalized service as well as access to investment insights and opportunities that are typically available only to institutional investors.

We believe that asset allocation is the primary determinant of long-term investment performance. The proper combination of asset classes can improve the overall return of a client’s portfolio and mitigate risk. Our process is quantitatively rigorous and seeks to deliver consistent results within a defined level of risk. We believe that an investment strategy should be founded upon two core principles: long-term discipline (the fundamental reason to have a strategy is to provide a meaningful framework for discipline) and diversification (the strategy should specify how risks will be managed to meet a deliberately-chosen risk budget).

Our rigorous investment process is based upon these the principles of discipline and diversification. It consists of four interrelated steps:

- a) Selecting the asset classes that will be included in the portfolio.
- b) Deciding upon a long-term strategic asset allocation for the portfolio.
- c) Making shorter-term tactical asset allocation decisions to refine the portfolio.
- d) Selecting and monitoring appropriate investment vehicles to implement the asset allocation decisions above.

Our investment decisions must be made according to an explicit, deliberate process that is repeatable and verifiable. We believe that a proper asset allocation strategy must be founded upon a clear understanding of appropriate risk. We begin our relationship with clients with an extensive discussion about the client’s willingness and ability to take risk, and the risk level of various potential strategies. Together with the client, we identify an appropriate risk level based upon conservative assumptions regarding future volatility. Our role is then to take that risk as responsibly and productively as possible via a diversified asset allocation strategy.

We believe that the most responsible way to take risk is to first determine how much risk is appropriate for a particular client, build a diversified portfolio reflecting that level of risk, and then make disciplined, incremental decisions to maintain that risk level. Our process begins by creating a long-term “strategic” portfolio that reflects an appropriate risk level for the client. We then establish permissible deviations (over- and under-weight limits) from the strategic asset class targets. We work within these limits to optimize the portfolio based upon its market outlook.

We believe that a change in strategy should be made if a client’s circumstances change, but not in response to market movements or outlook. Our asset allocation strategy decisions are reviewed whenever a client has had a meaningful change in his, her or its ability or willingness to take risk. In general, we favor maintaining strategic discipline over time, as this is a proven way to maximize potential returns.

CIA typically manages money for clients on a “discretionary” basis. We strive to ensure that clients are positioned in a portfolio strategy that corresponds to their needs at an appropriate level of risk. The execution of the investment strategy is tailored to each client’s needs. For example, we will often work with clients to establish a capital gains “budget” and ensure that we properly limit capital gains in client portfolios. We will discuss client preferences for restricting investments in certain securities or types of securities, but we typically advise clients to allow us to make full use of our recommended investment vehicles.

CIA also advises the Private Fund, which invests in a diversified portfolio of other private funds managed by unaffiliated third parties. CIA established the Private Fund as a vehicle in which its clients and employees may invest to gain exposure to a variety of asset classes, including private equity, credit, and real estate in a private fund structure.

As of December 31, 2016, CIA managed 2113 accounts, including accounts of individual clients, pension and profit-sharing plans, charitable endowments and Individual Retirement Accounts, on a discretionary basis with assets of approximately \$3,600,000,000. In addition, CIA advised clients, including CHS attorneys serving as fiduciaries, by providing investment supervisory services on a non-discretionary basis for 162 accounts with assets of approximately \$181,600,000.

ITEM 5 FEES AND COMPENSATION

CIA's compensation is calculated as a percentage of the value of a client's account at quarter end after giving effect to additions or withdrawals on that date, based upon the following standard fee schedule:

Annual Fees Based on Market Value (charged quarterly in arrears):

1.25% of the first	\$2,000,000
1.00% of the next	\$3,000,000
.80% of the next	\$5,000,000
.60% of the next	\$40,000,000
.50% of the balance over	\$50,000,000

In addition, we charge a \$1,000 administrative fee per account. Fees are negotiable in limited circumstances. We deduct fees from client accounts on a quarterly basis, in arrears. We do not require pre-payment of fees.

Note that this fee schedule is applicable to all clients except our parent company, CHS, for which we provide investment advisory services in respect of their trust clients. Please see Item 10 for additional information about our relationship with CHS, and payments made by CHS to CIA in connection with CIA's provision of advisory services.

Private Fund Fees and Expenses.

CIA does not receive an advisory fee or otherwise profit from managing the Private Fund. However, the value of a client's investment in the Private Fund is included in the value of a client's account on which CIA's advisory fee is based. Assets of the Private Fund may be difficult to value, and CIA relies upon valuations provided by the managers of the underlying funds in which the Private Fund invests.

CIA passes through to the Private Fund (and the investors therein) expenses incurred in the operation and management of the Private Fund. The Private Fund (and therefore its investors) will pay all general costs and expenses of the Private Fund including legal, auditing, consulting, financing, accounting and custodian fees and expenses; expenses associated with the Private Fund's outsourced administration, and preparation of financial statements, tax returns and Schedule K-1s; banking fees; technology platform fees; out-of-pocket expenses incurred in connection with due diligence related to a potential portfolio fund investment or transactions not consummated; expenses for travel to portfolio funds' annual meetings; other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); third-party consulting fees (including fees of sub-advisory firms); and

any taxes, fees (including filing fees) or other governmental charges levied against the Private Fund.

Custody Services.

With the exception of securities issued in private offerings, CIA does not maintain direct custody or possession of client funds or securities; they are held with qualified custodians. CIA engages SEI Private Trust Company (“SEI”) to maintain possession of clients’ cash and securities and provide reporting services. CIA negotiates all custodial costs and fees with SEI, and pays amounts due to SEI on behalf of clients (other than the Private Fund which bears its own expenses as described above). Neither SEI nor CIA charges any custodial costs or fees to clients.

If a client chooses to appoint a custodian other than SEI, the client is solely responsible for negotiating and coordinating payment of custodial costs and fees associated with that account. CIA does not reimburse or pay the custodial costs or fees of clients that engage a custodian other than SEI.

Investment Expenses.

We typically recommend diversified investments, including mutual funds, ETFs, and other investment vehicles such as the Private Fund. Clients that invest in these diversified investment vehicles will earn returns net of the fund fees and expenses. Client returns are also net of trading costs, such as commissions paid on the purchase and sale of ETFs. We trade with a wide variety of external parties on a “best execution” basis.

Other Compensation.

CIA has assisted an ETF sponsor with the development of certain newly launched ETFs that implemented investment strategies that CIA believed were appropriate for its clients, and in which CIA subsequently invested its clients’ assets. CIA receives compensation from the ETF’s index provider, which is calculated as a percentage of licensing fees paid by these ETFs and based on assets invested by shareholders other than CIA clients. CIA may enter similar arrangements in the future where compensation may be based on our participation in designing the strategy and/or for providing the seed capital for such strategy. Please see Item 10 for a description of how CIA addresses potential conflicts of interest that might result from such arrangements.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

CIA does not charge or accept performance-based fees. However, performance-based fees may be charged by the managers of some private funds in which the Private Fund invests.

ITEM 7 TYPES OF CLIENTS

CIA works with a wide range of clients, including high net worth individuals, trusts, charitable foundations, endowments, and a private fund in which the preceding clients may invest. We evaluate potential new clients on a case-by-case basis to ensure that they will have an enduring and productive relationship with us. CIA's minimum account size for new relationships is generally \$10 million.

ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis

CIA believes that the most responsible way to take risk is to first determine how much risk is appropriate for a particular client, build a diversified portfolio reflecting that level of risk, and then make disciplined, incremental decisions to maintain that risk level. We believe that effective diversification requires an investment policy that goes beyond equities and fixed income asset classes to include "alternative" asset classes with low correlations to both stocks and bonds.

By "alternative" asset classes we mean both illiquid, diversified private investment fund-of-funds and regulated, liquid, asset classes that have demonstrated meaningful diversification benefits versus stocks and bonds. Examples of these liquid asset classes include non-US bonds, commodities, real estate, and frontier markets. Examples of asset classes within a diversified private investment fund-of-funds include private equity, private credit, and real estate. With the exception of the Private Fund, all of the alternative investments in our portfolios have full transparency and daily liquidity. The Private Fund's illiquid investments are designed for long-term investment and may not be able to exit positions immediately, resulting in a delay for returning client assets. Our client's portfolios are free from a US "home bias" and take full advantage of a wide range of global opportunities.

CIA is a fully "open architecture" advisor. As such, we select from the widest array of potential investments and managers on behalf of our clients. We prefer to work with clients as a discretionary "outsourced CIO" and most of our client relationships are structured that way.

As a first step, we decide whether active management is warranted in a given asset class, or whether it would be more productive to obtain efficient exposure to the asset class via an index fund or ETF. We work with active managers in less efficient markets (e.g. frontier markets) where we believe the opportunity exists for sustained outperformance. To select active managers in these markets, the investment team first uses a rigorous quantitative screening process to identify best-in-class asset managers and appropriate investment vehicles from a vast array of choices. These quantitative factors include screening prospective managers based on information ratio trends and consistency, holdings and returns-based stylistic analysis, and after-tax returns. We then evaluate the managers that pass the quantitative screen on a

qualitative basis. Qualitative measures include management tenure, personal interview with the manager and his/her team to inquire about the depth of the team's bench strength. We do not invest in funds with 12b-1 fees. We monitor the fund managers that we choose and look to see if the manager maintains exposure to the asset class without style drift. Managers are evaluated on an ongoing basis and replaced as necessary.

Investing in securities involves the risk of monetary loss, and clients investing their money with CIA should be prepared to bear that loss. None of the strategies for which CIA provides portfolio management services is a deposit in any bank, nor are those investment vehicles insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency. In addition, investments in the Private Fund bear additional risks, specifically liquidity risk.

Descriptions of Material Risks

Credit Risk – If debt obligations held by an account are downgraded by ratings agencies, go into default, or if management action, legislation or other government action reduces the issuers' ability to pay principal and interest when due, the obligations' value may decline and an account's value may be reduced. Because the ability of an issuer of a lower-rated or unrated obligation (including particularly "junk" or "high yield" bonds) to pay principal and interest when due is typically less certain than for an issuer of a higher rated obligation, lower rated and unrated obligations are generally more vulnerable than higher-rated obligations to default, ratings downgrades, and liquidity risk. Political, economic and other factors also may adversely affect governmental issues.

Derivatives Risk – An account's investments in derivatives involve risks associated with the securities or other assets underlying the derivatives, as well as risks different or greater than the risks affecting the underlying assets. Risk unassociated with the underlying assets include the inability or unwillingness of the other party to a derivative to perform its obligations to an account, an account's inability or delay in selling or closing positions in derivatives, and difficulties in valuing derivatives.

Foreign Investment Risk – Investments in securities of foreign issuers may involve risks including adverse fluctuations in currency exchange rates, political instability, confiscations, taxes or restrictions on currency exchange, difficulty in selling foreign investments, and reduced legal protection. These risks may be more pronounced for investments in developing countries.

Interest Rate Risk – When interest rates increase, the value of the account's investments may decline and the account's share value may decrease. This effect is typically more pronounced for intermediate and longer term obligations. This effect is also typically more pronounced for mortgage and other asset-backed securities, since value may fluctuate more significantly in response to interest rate changes. When interest rates decrease, the account's current income may decline.

Liquidity Risk – Due to a lack of demand in the marketplace or other factors, an account may not be able to sell some or all of the investments promptly, or may only be able to sell investments at less than desired prices. This may result in a delay in returning client assets if they are forced to liquidate a position.

Management Risk – CIA client accounts are actively managed portfolios. The accounts' value may decrease if CIA pursues unsuccessful investments or fails to correctly identify risks affecting the broad economy or specific issuers comprising the accounts.

Market and Economic Risk – An account's investment value may decline due to changes in general economic and market conditions. A security's value held in an account may change in response to developments affecting entire economies, markets or industries, including changes in

Prepayment Risk – Decreases in market interest rates may result in prepayments of obligations in the account, requiring the account to reinvest at lower interest rates.

Real Estate Risk – An account's investments in real estate investment trusts ("REITs") are subject to risks affecting real estate investments generally (including market conditions, competition, property obsolescence, changes in interest rates and casualty to real estate), as well as risks specifically affecting REITs (the quality and skill of REIT management and the REIT's internal expenses).

Risks Affecting Specific Issuers – The value of an equity security or debt obligation may decline in response to developments affecting the specific issuer of the security or obligation, even if the overall industry or economy is unaffected. These developments may comprise a variety of factors, including but not limited to management issues or other corporate disruption, political factors adversely affecting governmental issuers, a decline in revenues or profitability, an increase in costs, or an adverse effect on the issuer's competitive position.

Smaller Company Risk – Investments in smaller companies may involve additional risks because of limited product lines, limited access to markets and financial resources, greater vulnerability to competition and changes in markets, lack of management depth, increased volatility in share price, and possible difficulties in valuing or selling the investments.

Special Risks Associated with Investment in the Private Fund

Illiquidity – An investor's interest in the Private Fund, and the Private Fund's interest in the underlying private investment funds, is highly illiquid, with limited or no rights of redemption or withdrawal. Any return of capital or profit on these interests will be limited to distributions upon the realization of the underlying private fund investments. The underlying private funds are expected to invest primarily in private equity, real estate, venture capital, timber, and other highly illiquid assets. There are substantial restrictions on the ability to liquidate, transfer or otherwise realize these assets.

Lack of Transparency and Control – The success or failure of the Private Fund will depend upon the success or failure of the investment decisions made by the management of both the Private Fund as well as management of the underlying private investments held by the Private Fund. CIA has no control over the day-to-day operations of any of the managers of the underlying private investments, and will not necessarily be aware of certain activities at the underlying manager level including, without limitation, an underlying manager engaging in unreported risks, inflated valuations, investment “style drift,” or even regulatory breach or fraud.

Limited Regulatory Protections – Neither the Private Fund nor its offering of interests is registered with the SEC, so many of the regulatory safeguards provided by the Investment Company Act of 1940 and the Securities Act of 1933 are not available to investors in the Private Fund. This is also true of the Private Fund’s investment in the underlying private funds, their offering of interests and, in many cases, their assets, such as investments in private equity.

Informational Disadvantage – The Private Fund is limited in the information it can provide investors to that received from managers of the underlying private investment funds. Certain investors may request or receive additional information that enables them to act on an informational advantage (e.g., to increase capital commitments or contributions) not received by other investors in underlying investment funds or the Private Fund.

Valuation – Assets of the underlying private investment funds (and thus interests in the private funds), especially private companies, real estate and timber, are often difficult to value. CIA relies upon valuations provided by the underlying fund managers which may have interests in conflict with investors, including an incentive to increase fees by artificially inflating valuations.

Higher Fees and Expenses – Fees and expenses are generally higher on a private investment fund relative to a registered fund, and will reduce returns to the Private Fund and, therefore, its investors.

Default – If an investor fails to pay in full any requested capital contributions, the Private Fund may take certain actions which may result in a sale or forfeiture of such investor’s interest in the Private Fund. A defaulting investor will be responsible for interest charges and default charges imposed by an underlying private investment fund that arise from or relate to such investor’s failure to pay requested capital contributions.

Investment Strategies

CIA offers a range of diversified investment strategies. As described above, we endeavor to ensure that our clients are exposed to an appropriate level of investment risk based upon their circumstances. Below is a description of each significant strategy offered by CIA:

All Bond: This strategy focuses exclusively on producing current income. Only fixed-income assets are held.
Conservative Income: The primary goal is to produce substantial current income through a majority allocation to the fixed-income asset class. Limited investments in equity-linked and alternative asset classes produce additional sources of current income with low to moderate correlations to the majority fixed-income asset class.
Income and Growth: This strategy emphasizes current income while offering moderate potential for capital appreciation. Fixed-income securities represent the largest allocation, though a material allocation to the equity-linked and alternative asset classes may diversify the sources of current income while also providing modest capital appreciation potential.
Balanced: This strategy focuses on balancing potential capital appreciation and current income, using a combination of fixed-income, equity-linked and alternative asset classes.
Growth and Income: This strategy's primary goal is to seek opportunities for capital appreciation. The secondary goal is current income potential. There is a substantial allocation to equity-linked and alternative asset classes.
Growth: The primary goal is to maximize total return, primarily through capital-appreciation opportunities, while also providing current income potential. This strategy focuses on equity-linked and alternative asset classes. A minority of the portfolio's assets are in fixed-income investments.
Aggressive Growth: This strategy allocates exclusively to equity-linked and alternative asset classes and is an aggressive strategy designed solely for capital appreciation potential. There is no allocation to the domestic fixed-income asset class. Current income expectation is low, and portfolio returns can be volatile from year to year. We attempt to moderate risk by the use of a well-diversified equity portfolio.
Opportunistic Growth: This strategy is designed to potentially deliver higher long-term returns (with potentially greater risk) than the current Aggressive Growth strategy. The Opportunistic Growth strategy will rely on frequent tactical investment decisions around a diversified core. These tactical decisions will include, but are not limited to, country and global sector positions, individual stock selection and risk level adjustments. There are no limits on the asset classes or investment vehicles the strategy can use. <i>This strategy is appropriate only for clients with a very high risk tolerance.</i>

We recommend a wide variety of securities. We invest in riskier markets such as frontier and emerging markets, but limit our investment to a minority percentage of the overall portfolio. These investments are made via liquid, regulated investment vehicles, such as ETFs, mutual funds and index funds. In addition, we may invest in a private fund-of-funds which offers additional diversification.

ITEM 9 DISCIPLINARY INFORMATION

SEC registered investment advisors are required to disclose all material facts related to any legal or disciplinary events that are material to our clients' evaluation of the integrity of our management.

CIA has no legal or disciplinary events to disclose.

ITEM 10 OTHER INDUSTRY ACTIVITIES AND AFFILIATIONS

CIA is a wholly owned subsidiary of CHS, which is a law firm that also provides trust services to clients. CHS's trust clients pay CHS a bundled fee for fiduciary and other services, including investment advice. CHS obtains from CIA investment advisory services for most (but not all) of CHS's clients. Pursuant to a services arrangement, CHS provides CIA with facilities, and certain administrative, finance and operations services.

CHS and CIA have an arrangement whereby CHS pays to CIA a monthly fee that is designed to cover all of CIA's operating costs and expenses in providing advisory services (to clients of CHS as well as other CIA clients) to the extent that such expenses are not otherwise covered by CIA's revenues. These payments also cover (i) the cost to CIA of arranging for third party custody and recordkeeping services for CIA's clients (and the clients of CHS) and (ii) certain technology costs associated with CIA's provision of services. The payments made by CHS to CIA cover obligations of CIA and do not affect the fees paid by CHS clients to CHS, or by CIA advisory clients to CIA.

As a service provider to CIA, CHS has employees who may gain access to non-public information regarding proposed and current holdings of, and purchases and sales of securities for, CIA's clients. CIA mitigates the risk of unauthorized use of such information by providing regular training on permissible uses and safeguarding of such information. CIA mitigates the risk of unauthorized access to client information by maintaining its offices in a segregated, lockable space within the premises of CHS.

From time to time, we select investment vehicles with various strategies for our clients, including exchange traded funds ("ETFs"). We recently sought a pooled vehicle with a low volatility equities strategy meeting certain specifications. When we were unable to identify such a vehicle we approached an index provider ("Index Provider") and an ETF sponsor about their establishing ETFs based on this strategy. The Index Provider and the ETF sponsor launched new ETFs based on this strategy. We have invested in the new ETFs on behalf of clients for whom they are suitable. However, we have no obligation to make any investment in the ETFs or to maintain any investment for any period of time, as these decisions will be in our sole discretion and based solely on the best interests of our clients.

The Index Provider, which will receive a license fee from the new ETFs for the development and maintenance of the index on which the new ETFs are based, has agreed to pay us a percentage of

the license fee it obtains from the new ETFs. These payments will be based on assets invested by shareholders other than our clients. The arrangement does not obligate us to invest client assets in the new ETFs, nor is the payment by the Index Provider to us conditioned on any such investment of our clients' assets.

We also recently entered into an arrangement with a third party (the "Sponsor") that has developed (with our high-level conceptual input) an investment strategy (the "Strategy") designed to identify the most attractive U.S. large capitalization stock holdings of a broad universe of hedge funds. The Sponsor intends to organize and operate a mutual fund based on the Strategy (the "Fund") and to otherwise commercialize the Strategy (for example, it might manage another account or pooled vehicle based on the Strategy that is not a U.S. fund). We have indicated our intention to invest in the Fund on behalf of clients for whom it is suitable. However, we retain the unfettered right to investment decision at any time in our sole discretion. These decisions will be based solely on the best interests of our clients.

The Sponsor has agreed to share with us a percentage of the management fees paid to the Fund's investment adviser, based on assets invested by shareholders other than our clients. This means we will not receive any payment from the Sponsor on fees it earns from our clients' investments. The Sponsor has also agreed to share with us a percentage of any other consideration it receives from the commercialization of the Strategy (which will not include any of our clients' assets). The Sponsor has the right to terminate the fee sharing aspects of this arrangement if we fail to invest a certain minimum amount (the "Minimum Amount") of our clients' assets in the Fund within 120 days after the Fund launches (the "Investment Date") or if the total assets of the Fund prior to the first anniversary of the Investment Date are less than the Minimum Amount.

The fee sharing arrangement described above creates a conflict of interest because we have a financial incentive to invest our clients' assets in the Fund. Moreover, even if we invest the Minimum Amount within the prescribed timeframe, we may be incentivized to invest additional clients' assets in the Fund if performance or market depreciation causes the Fund's assets to fall below the Minimum Amount at any time prior to the first anniversary of the Investment Date. We intend to mitigate such conflict by informing each of our clients of this arrangement prior to investing the client's assets in the Fund, and steadfastly remaining committed to the process of making decisions based solely on our clients' best interests without regard to the economic impact on us.

We may enter into similarly structured agreements in the future where the sponsor agrees to compensate us based on assets contributed by investors other than our clients. This compensation may also be based on our participation in designing the strategy and/or for providing the seed capital for such strategy. In all such instances, we will make decisions to invest in the strategy based solely on the best interests of our clients, and will not undertake any unconditional commitment to invest or retain a certain amount of assets (or any at all).

CIA is the general partner and investment adviser of the Private Fund. However, CIA mitigates any incentive to solicit investors, or recommend investment, in the Private Fund for reasons other

than the clients' best interests by not charging an advisory fee or other compensation to the Private Fund.

ITEM 11 CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

CIA has adopted a Code of Ethics (the "Code of Ethics") in accordance with Rule 204A-1 under the Investment Advisers Act of 1940 (the "Advisers Act"). The Code of Ethics sets forth (i) general principles regarding the ethical business conduct, (ii) policies and procedures for the protection of material non-public information and (iii) internal reporting of violations of the Code of Ethics and securities laws. Subject to limited exceptions, the Code of Ethics also requires our "Access Persons" (as defined in the Code of Ethics) to (i) quarterly report their personal securities transactions and (ii) annually report their personal securities holdings to our chief compliance officer or other designated persons. The Code of Ethics requires us to review these reports to allow identification of improper trades or patterns of trading by our Access Persons.

We recommend transactions to, and make investment decisions on behalf of, clients based solely on whether the investments are suitable for the client and are consistent with the client's investment objectives, policies and restrictions. Accordingly, we may provide advice and take action on behalf of certain clients that differs from advice given, or the timing and nature of action taken, for other clients' accounts. CIA employees may buy and sell securities for their personal accounts that are also recommended to clients for purchase and sale at or about the same or different times. Moreover, CIA employees may invest or trade in their personal accounts differently than, or in conflict with, CIA clients. CIA employees may invest side-by-side with clients in the Private Fund on the same terms, except that employees are not required to maintain a client account on which advisory fees accrue. To address potential conflicts, CIA requires Access Persons to avoid knowingly purchasing or selling securities in such a way as to compete in the marketplace with clients, or otherwise to adversely affect client transactions. Access Persons are prohibited from using knowledge of proposed or current purchases, sales or holdings of any client to profit from the market effect of client transactions.

We periodically provide training and education programs to our Access Persons and employees regarding the Code of Ethics and applicable laws. We periodically review the effectiveness of our Code of Ethics. A full copy of CIA's Code of Ethics is available upon request.

Please see Item 10 for a description of how CIA addresses potential conflicts of interest that may arise from (i) CIA acting as the general partner and investment adviser to the Private Fund, and/or (ii) CIA's receipt of fees based on assets invested in third party ETFs and mutual funds by shareholders other than CIA's clients.

ITEM 12 BROKERAGE PRACTICES

CIA trades with well-established and highly reputable brokers who we believe can deliver best execution for our clients. In choosing brokers, we consider the brokers' track records and depth of expertise relative to the types of transactions we are executing.

We receive research from broker-dealers and third parties in connection with client securities transactions. This includes proprietary research as well as research created or developed by a third party. We believe that this research enhances our investment process and the returns in our client accounts.

When we use client brokerage commissions to obtain research, we receive a benefit because we do not have to produce or pay for the research. We may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research, rather than our clients' interests in receiving most favorable execution. We do not cause clients to pay commissions to broker-dealers that provide research that are higher than those charged by the other broker-dealers with whom we trade.

We use soft dollar benefits to service all of our client accounts, but not all research will necessarily benefit all clients, or benefit all clients to the same extent. The brokerage and research services we receive all fall within the safe harbor of section 28(e) of the Securities Exchange Act of 1934. We select broker-dealers based upon their reputation, track record, and ability to deliver best execution for our clients. Selection of a broker for a particular transaction depends upon the capabilities of the broker and the complexity of the trade. Our "default" broker is currently Instinet, which has a strong track record of execution and which provides an open platform for research.

We do not consider client referrals in selecting brokers. We do not typically permit clients to direct brokerage. In the small minority of cases where a client has directed brokerage, we may be unable to achieve most favorable execution of client transactions. Directing brokerage may cause clients to pay higher transaction costs.

We aggregate the purchase and sale of securities for various client accounts for which we are placing trades. All trades are executed at the average price and commission rate obtained in the blocked trade.

ITEM 13 REVIEW OF ACCOUNTS

Each of CIA's discretionary separate accounts is monitored by the account manager and reviewed whenever significant economic events, changes in market conditions or important new developments concerning a security affect an individual account. In addition, each account is formally reviewed at least every twelve months. The committee considers whether the specific objectives of the client are being met as to income versus capital appreciation, the asset allocation of the portfolio, the diversification of its holdings and whether the assets held

satisfy our quality standards for investments. Each account manager prepares specific portfolio recommendations for achieving the goals and objectives of each account.

Trust accounts, as to which we provide investment advice to CHS attorney-fiduciaries, are reviewed periodically in accordance with the instructions of the attorney-fiduciaries.

Regular quarterly reports are furnished to all clients with the exception of those attorneys at CHS who act as fiduciaries and for whom our responsibility is limited to making recommendations regarding investment programs with respect to the assets that they manage in a fiduciary capacity.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

If a client is referred to CIA by a partner of CHS, CIA's affiliate, CHS may pay that partner a referral fee in accordance with the requirements of Rule 206(4)-3 under the Advisers Act, and any corresponding state securities law requirements. The cost of any such referral fee shall be borne entirely by CHS, and shall not result in any additional charge to the client.

ITEM 15 CUSTODY

Clients may authorize CHS to direct the disposition of a client's funds or securities. As a result, both CIA and CHS are deemed to have "custody" of those client assets, as such term is defined in the Advisers Act. CIA is also deemed to have custody of the assets of the Private Fund.

Apart from securities issued in a private offering, neither CHS nor CIA holds client funds or securities. All such funds and securities are maintained with a "qualified custodian," as such term is defined in the Advisers Act. Certain privately offered securities or certificates that represent the Private Fund's ownership interest in a private fund (or a client's interest in the Private Fund) are not maintained with a "qualified custodian."

SEI acts as "qualified custodian" for all CIA's clients, unless otherwise agreed with a client as described in Item 5. Clients will receive quarterly account statements directly from their "qualified custodian." Clients should carefully review those account statements. Investors in the Private Fund will receive annual audited financial statements within 180 days of the end of the Private Fund's fiscal year

ITEM 16 INVESTMENT DISCRETION

CIA accepts discretionary authority to manage securities accounts on behalf of our clients. Prior to accepting discretionary authority, we discuss the client's financial positions. The relationship of these positions to the specific investment goals and objectives of the client is of primary concern. Once these goals and objectives have been determined, the client is required to sign a Discretionary Investment Agreement and complete a schedule of investment guidelines. When this process is completed, CIA exercises its discretion to implement its decision as to the most

appropriate investments for the client's portfolio. The investment guidelines governing the CIA's management of the Private Fund, including its investment objectives and discretion granted to CIA in implementing them, are specified in its offering documents.

ITEM 17 VOTING CLIENT SECURITIES

It is the policy of CIA to not exercise voting authority for proxies and corporate actions related to assets held by clients. Clients retain the right and obligation to vote proxies related to assets held in their accounts. Clients will receive their proxies directly from SEI. Clients may contact CIA with any questions about a particular proxy or action by calling the number indicated on the cover page.

ITEM 18 FINANCIAL INFORMATION

SEC registered investment advisors who have discretionary authority or custody of client funds or securities are required to disclose any financial condition that is reasonable likely to impair the advisor's ability to meet contractual commitments to clients. CIA has no financial condition that is reasonably likely to impair our ability to meet our contractual commitment to clients

