

Item 1 – Cover Page

William Harris Investors, Inc.

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This Brochure provides information about the qualifications and business practices of William Harris Investors, Inc. (“WHI” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (312) 621-0590. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

WHI is an investment adviser registered with the SEC under the Investment Advisers Act of 1940 (“Advisers Act”). Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information to help you determine to hire or retain an Adviser.

Additional information about the Firm also is available on the SEC’s Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

March 25, 2011

Item 2 – Material Changes

On July 28, 2010, the SEC published “Amendments to Form ADV”, which revises the form of disclosure document that the Firm provides to clients as required by SEC rules. This Brochure dated March 25, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous Form ADV Part 2 did not contain.

In the future, this Item will discuss only specific material changes that are made to this Brochure and provide clients and prospective clients with a summary of those changes from the prior version. It will also reference the date of the Firm’s last annual update to the Brochure.

In the past, WHI offered or delivered information about its qualifications (and those of its staff) and business practices to clients on at least an annual basis. Pursuant to the new SEC rules, WHI will ensure that clients receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of the Firm’s fiscal year. The Firm may further provide clients with other ongoing disclosure information about material changes as deemed necessary. Additionally, WHI will provide clients with a new Brochure as necessary based on material changes, without charge.

Currently, WHI’s Brochure may be requested by contacting WHI’s Compliance Department at (312) 621-0590. The Firm’s Brochure is also available on the SEC’s Investment Adviser Public Disclosure web site (www.adviserinfo.sec.gov) and on WHI’s web site at www.whi.com, also free of charge.

Additional information about WHI is also available via the SEC’s Investment Adviser Public Disclosure web site (www.adviserinfo.sec.gov). This SEC web site also provides information about any persons affiliated with the Firm who are registered as investment adviser representatives of WHI.

Item 3 –Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 –Table of Contents.....	iii
Item 4 – Advisory Business	1
Item 5 – Fees and Compensation	3
Item 6 – Performance-Based Fees and Side-By-Side Management	6
Item 7 – Types of Clients.....	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	12
Item 9 – Disciplinary Information	19
Item 10 – Other Financial Industry Activities and Affiliations	19
Item 11 – Code of Ethics	20
Item 12 – Brokerage Practices	20
Item 13 – Review of Accounts.....	26
Item 14 – Client Referrals and Other Compensation.....	27
Item 15 – Custody	27
Item 16 – Investment Discretion	27
Item 17 – Voting Client Securities.....	28
Item 18 – Financial Information.....	28

Item 4 – Advisory Business

The primary purpose of the Firm is to manage the financial affairs and assets of the Irving B. Harris family and other clients. Being predominantly a family office, most of WHI's accounts consist of individuals, trusts, corporations, partnerships, foundations and other entities which are controlled, operated or beneficially owned by members of the Irving Harris family. WHI also manages assets for select high net worth individuals and family groups who are not related to the Irving Harris family. The Firm has been in business since the 1960's, has operated in its current form as a registered investment adviser since 1987, and is currently owned by certain trusts for the benefit of the descendants of Irving Harris.

WHI provides a wide range of services to its clients, including advisory services and related or ancillary wealth management and administrative services. Related or ancillary services may include: asset allocation and cash management services; accounting and bookkeeping services; estate and tax planning; insurance oversight; philanthropic grants management; portfolio administration; tax planning and compliance; trust administration; wealth transfer planning; and other personal, business and financial services. WHI also may provide accounting, administrative, and tax services to investment advisory clients and others to whom it does not render investment advisory services.

As of December 31, 2010, WHI had total assets under management of approximately \$1.163 billion. Approximately \$1.14 billion of those assets were managed on a discretionary basis, while approximately \$20.6 million were managed on a non-discretionary basis.

WHI's relationship with its clients, particularly Harris family clients, is based on a mutual examination of the client's overall financial picture, including assets and liabilities, investments, stage in life, estate plans, philanthropic wishes, spending plans, educational needs, employment status and business plans. WHI's investment committee creates asset allocation recommendations on a quarterly basis, subject to interim adjustment based on unanticipated events. As WHI assesses a client's financial condition and needs, it invests discretionary client assets in accordance with the Firm's recommended asset allocation, subject to adjustment for the client's particular situation. To implement the asset allocation, the Firm utilizes one or more investment options, including Investment Funds (defined below), single purpose entities and separately managed accounts.

The percentage of any client's portfolio invested in the Investment Funds, single purpose entities or individual securities varies over time. WHI takes into account prudent

diversification principles when making investments and invests with a view toward achieving diversification within the objective of each client's portfolio.

WHI may agree to manage a client account in accordance with specific limitations imposed by the client. An individual client investment advisory contract may be terminated by either party upon 30 days' prior written notice.

Investment Funds:

WHI has established a number of private investment funds (individually, an "Investment Fund" or, together, the "Investment Funds") as vehicles to tailor clients' portfolios to their personal needs. The Investment Funds are entities formed by WHI for the purpose of buying, selling, holding, and investing in securities (other than the "single purpose" entities created for administrative convenience, as described above). WHI typically serves as general partner or managing member and provides investment advisory services to each Investment Fund. All of the Investment Funds are WHI advisory clients. The Investment Funds are organized as private investment partnerships or limited liability companies and are exempt from registration under the Investment Company Act of 1940 (the "Investment Company Act") pursuant to Section 3(c)(1) or 3(c)(7) thereunder. The Investment Funds are intended to offer investment diversification, simplify asset management, and enhance portfolio allocation to meet individual needs.

Investors in the Investment Funds include WHI clients, as well as some WHI employees and outside investors whose assets are not managed by WHI.

A brief description of each of the Investment Funds managed by WHI is included in Item 7 below.

Single Purpose Entities:

WHI has formed entities (non-security related) for a single purpose to invest (normally a controlling interest) in a specific property, such as an apartment complex, ice arena, restaurant, golf course, movie theater, trailer-leasing company, or to develop a specific real estate parcel. WHI refers to these as "single purpose entities". WHI typically takes an active role in the management and operation of the underlying business venture of these single purpose entities. Investment advice is directed to both the investors in such an entity and the entity itself. The investors in the WHI-sponsored single purpose entities are advisory clients, and to a lesser extent, WHI's employees and a few outside investors. WHI also considers these single purpose entities to be advisory clients.

Separately Managed Accounts:

WHI also manages client assets in separately managed accounts. Some of these accounts were created prior to the Firm establishing the Investment Funds, and others are created for those clients whose accounts may not be large enough to warrant an allocation to an Investment Fund or where use of the Investment Funds may not be appropriate. In general, WHI manages these separate accounts on a discretionary basis.

Depending on the amount of client funds available for investment, WHI may choose to invest a client's separate account assets in individual securities, with asset managers or in one or more pooled investment vehicles in the form of shares of a registered investment company (open-end mutual fund, closed-end fund, exchange traded fund, unit investment trust, etc.).

Item 5 – Fees and Compensation

Advisory Fees:

WHI's advisory fees are based on a percentage of assets under management and generally range from 0.5% to 1.0% per annum of the value of the accounts. Because of the nature of WHI's clients, individual client fees are negotiated on an individual or group basis according to services rendered and any special circumstances attendant to the servicing of the client.

Generally, advisory fees for individual client accounts are payable quarterly, in arrears, based on the value of the account as of the last day of that calendar quarter. If WHI serves for less than an entire calendar quarter, its compensation is prorated for the period of the calendar quarter for which it serves as investment adviser. Fees generally are deducted from the client's assets.

As general partner or managing member of the Investment Funds, WHI provides the Investment Funds with managerial and certain administrative services. In return, WHI receives a fee at the annual rate of between 1% and 1.5% of the value of the Investment Funds' assets, as set forth in the particular Investment Fund's organizing documents, payable quarterly. Generally, the fee is paid quarterly in arrears. In some instances, an Investment Fund may utilize a third party administrator to perform administrative services. Certain of the Investment Funds also provide for the payment of an incentive allocation (also known as a performance fee) to WHI. The amount of the incentive allocation varies among the Investment Funds. Potential investors are urged to review the offering materials for each of the Investment Funds for further details.

Advisory clients of WHI that are investors in the Investment Funds are not charged a separate advisory fee on that portion of their investment portfolio invested in the Investment Funds (i.e., they only pay the fees as described in the offering materials associated with the particular Investment Fund).

WHI's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client or the Investment Fund, as appropriate. Clients and Investment Funds may incur certain charges imposed by custodians, brokers, third party investment advisors and other third parties such as fees charged by managers and third party administrators, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to WHI's fee, and WHI does not receive any portion of these commissions, fees, and costs.

Item 12 further describes the factors that WHI considers in selecting or recommending broker-dealers for executing client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Cash Management Services:

As a separate accommodation to its clients, and in accordance with its client agreements, WHI has arranged for its advisory clients to maintain accounts with banks, brokerage firms, or other financial institutions that provide for cash management services through money market or municipal trust portfolios. The accounts may pool client assets in WHI's name as agent for its clients or may be maintained directly in the clients' or entities' names. To facilitate these services, a client must authorize WHI to deposit a portion of his/her investment portfolio into one or more money market or municipal trust portfolios, to make withdrawals, write checks against these funds for the purposes of paying client bills or other obligations, and to effect transfers between these portfolios and the client's brokerage accounts.

In general, WHI has historically utilized client agency accounts to provide cash management and disbursement services to its family office clients. This arrangement facilitates transaction processing, and benefits from pricing advantages on administrative services and enhanced yield due to the aggregate dollars invested. WHI separately records each individual client's cash assets, including contributions, disbursements, income and expense. Cash in an agency account is held at, and disbursements are made from, a single

account at a qualified custodian, generally in the name of WHI as agent for its clients. On at least a quarterly basis, the qualified custodian provides each client whose cash is held in an agency account a statement detailing the client's cash position in the account at the beginning and end of the period covered by the statement and all transactions effected in the account by or on behalf of the client during that period.

WHI has also arranged for certain of its advisory clients that are foundations, charitable trusts, or other charitable entities established by, or used to make charitable donations at the direction of, a client to maintain certain funds of these entities in a separate account maintained in WHI's name as agent for its clients. This account may be used to make charitable donations at the direction of a client, and to accommodate client wishes, a client may have check writing authority over this account. WHI has in place various written internal control procedures over these accounts to ensure that a client has access only to those funds specific to that client's charitable entity and its activities and that the bank will not honor checks until it receives written authority from WHI (a positive pay system).

Ancillary Services:

WHI may charge separate fees to clients for non-advisory services, including but not necessarily limited to estate and tax planning, tax return preparation, insurance services, philanthropic advice, and other personal, business or financial services. Fees for these non-advisory services are based on several factors, including time and resources of WHI devoted to providing these services, the relative complexity of the matters involved, costs incurred by WHI in performing the services, and the fees charged by other providers for similar services. WHI generally charges for these services on an annual basis, and in some instances the fees for these non-advisory services may be individually negotiated.

WHI may charge a separate one-time fee to an advisory client for an unusual transaction, such as a sale of a significant operating asset or a one-time transaction requiring significant efforts by WHI's employees. These fees are independently negotiated and structured, as applicable, in each specific circumstance.

Disclosure of Client Personal Information:

It is WHI's policy to exercise its best efforts not to disclose client personal information to third parties, unless deemed in the client's best interests. Personal information includes name, address, social security number, net worth, and annual income. WHI policies and practices are intended to protect the confidentiality, security, and integrity of all client personal information. WHI has systems in place to maintain physical, electronic, and procedural safeguards to secure client personal information.

It is WHI's policy to disclose client personal information only when required by law or as necessary to conduct business on behalf of clients. Instances where information will be disclosed include: in preparing annual federal and state income tax returns (at a client's direction) and certain required public and non-public SEC filings; in making certain private investments; and in working with specific third party consultants and advisors on tax and estate planning matters. WHI will also disclose personal information as directed by an individual client, such as when asked to assist with obtaining a mortgage, business loan, or life insurance policy.

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

WHI has entered into performance fee arrangements in connection with most of the Investment Funds (and certain other investment vehicles it manages). WHI structures any performance or incentive fee arrangement subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. WHI invests a client's assets in an Investment Fund with a performance or incentive fee arrangement only if the client is eligible for the Investment Fund based on information provided in the applicable subscription document. In measuring clients' assets for the calculation of performance-based fees, WHI generally includes realized and unrealized capital gains and losses.

Investors in the Investment Funds with performance based fees should be aware that these arrangements may create an incentive for WHI to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement. These fee arrangements also might create an incentive to allocate discretionary client assets to Investment Funds with performance fee provisions and to favor higher fee-generating accounts over other accounts in the allocation of investment opportunities. WHI has policies and procedures in place that are designed to ensure that discretionary investments are made solely in the clients' best interests and that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investments and investment opportunities among clients.

Item 7 – Types of Clients

As noted above, WHI provides investment advisory services to individuals (including high net worth individuals), trusts, estates, charitable organizations and foundations, corporations and private investment funds and other entities, many of which are controlled, operated or beneficially owned by members of the Irving B. Harris family.

The following are brief descriptions of each of the Investment Funds managed by WHI. THESE DESCRIPTIONS ARE FOR INFORMATIONAL/EDUCATIONAL PURPOSES ONLY. THEY ARE NOT A SOLICITATION OR OFFER TO INVEST IN ANY OR ALL OF THESE FUNDS. INVESTMENTS IN THESE FUNDS ARE GENERALLY LIMITED TO CLIENTS WHO MEET THE ACCREDITED INVESTOR STANDARD AS DEFINED IN RULE 501 OF REGULATION D UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT"). AN INVESTMENT CAN ONLY BE MADE THROUGH A CONFIDENTIAL OFFERING DOCUMENT WHICH SHOULD BE READ IN ITS ENTIRETY BEFORE INVESTING.

W.H.I. Growth Fund Q.P., L.P. and W.H.I. Growth Fund, L.P. (together the "Growth Funds") - W.H.I. Growth Fund, L.P. (the "Growth Fund L.P.") was established in 1987 as a Section 3(c)(1) entity. W.H.I. Growth Fund Q.P., L.P. was established in 2006 as a Section 3(c)(7) entity. The Growth Funds are structured as a master-feeder fund whereby both Growth Funds participate in their proportionate share of one combined master investment portfolio. WHI serves as the general partner and investment adviser to the Growth Funds. The Growth Funds' investment portfolio maintains the vast majority of its assets in common stocks with the balance in U.S. Treasury securities, corporate bonds, cash equivalent debt instruments, and other investments. The Growth Funds are invested in a diversified set of common stocks derived primarily through fundamental analysis of company and industry positions and prospects, and encompass predominantly long but may also include short positions. From time to time, the Growth Funds may make investments and/or hedges based upon broad themes, which may include shorting market indices, investing in sector-based exchange traded funds ("ETFs") or building a cash balance. In addition, it is within the Funds' purview to make leveraged investments, including through the use of options and warrants.

WHI Multi-Strategy Fund, LLC - WHI Multi-Strategy Fund, LLC (the "Multi-Strategy Fund") was established in 2000. WHI serves as the managing member and investment adviser to the Multi-Strategy Fund. The Multi-Strategy Fund effectively functions as a fund-of-funds, investing in outside managers who pursue a variety of strategies that are intended to have modest correlation to the performance of the U.S. equities markets. Most of these funds pursue alternative strategies distinct from those undertaken directly by WHI, such as credit risk and merger arbitrage, convertible arbitrage, and distressed debt investing.

WHI Equity Managers Fund, LLC - WHI Equity Managers Fund, LLC (the "Equity Managers Fund") was established in 2000. WHI serves as the managing member and investment adviser to the Equity Managers Fund. The Equity Managers Fund functions as a fund-of-funds, investing in outside managers who manage stock-based funds of their own. The Equity Managers Fund invests in a number of non-WHI-managed mutual funds and long/short equity hedge funds. Generally WHI will select outside managers who (1) invest in small-, mid- and large-cap stocks; (2) both "buy long" and "sell short" (i.e., make some bets that stock prices will rise, and some that prices will fall); (3) invest in both U.S. and foreign equities; and/or (4) pursue "value" and/or "growth" strategies.

In selecting managers for the Equity Managers Fund, WHI targets seasoned managers that WHI believes have the potential to generate impressive long-term track records. WHI will make an effort to select managers with strategies that either complement or differ from those of the Investment Funds WHI manages as well as from each other's, thus creating a fund of asset managers pursuing a variety of equities strategies. The Equity Managers Fund may also, from time to time, invest in an outside manager in return for an ownership interest and/or revenue share in the manager's underlying management company. In these instances, the economics of the arrangement normally accrue to the benefit of all investors in the fund. WHI very closely monitors these arrangements.

WHI NFP Fund, LLC - WHI NFP Fund, LLC (the "NFP Fund") was established in 2000. WHI serves as the managing member and investment adviser to the NFP Fund. The NFP Fund enables certain tax-advantaged WHI clients to invest with outside managers that have established vehicles specifically designed to accommodate tax-advantaged entities. The NFP Fund is available to these tax-advantaged entities, and invests in a variety of strategies.

WHI Technology Fund, LLC - WHI Technology Fund, LLC (the "Technology Fund") was established in 2005. WHI serves as the managing member and investment adviser to the Technology Fund. The Technology Fund invests in U.S. and international equity securities of companies within the technology sector including, but not limited to, hardware, software, telecom, and information technology services. While subject to significant risks, WHI believes that a carefully selected portfolio of technology-related companies offers the potential for superior risk-adjusted returns over time.

WHI ETF Fund, L.P. - WHI ETF Fund, L.P. (the "ETF Fund") was established in 2008. WHI serves as the general partner and investment adviser to the ETF Fund. The ETF Fund generally invests in ETFs, mutual funds, and closed-end funds that reflect the macro views of the portfolio manager of the ETF Fund. While WHI's investment funds generally take a

bottom-up research approach, the ETF Fund takes a top-down approach, focusing on geographic, sector, and currency-based themes.

Realty Funds

In 2010, WHI created WHI Real Estate Partners, a division of WHI, to make new real estate investments and to centralize the management of WHI's existing real estate investments. WHI established new real estate funds in 2010, and also assumed management responsibility for two additional pre-existing real estate investment funds, acquiring interests in the investment advisor to, and the general partner or managing member of, these funds.

WHI Real Estate Partners I, L.P. – WHI Real Estate Partners I, L.P. (together with parallel fund WHI Real Estate Partners I-F, L.P., "WHIREP I") was established in 2010. WHIREP I GP LLC, an affiliate of WHI, serves as the general partner of WHIREP I, and WHI Real Estate Partners serves as investment advisor. Investors in WHIREP I include WHI clients as well as third parties. WHIREP I focuses on opportunistic real estate investments throughout North America, and may invest across a broad spectrum of commercial and residential property classes and geographies, both directly and through joint ventures with operating partners. WHIREP I's investments may include, without limitation, equity, preferred equity and debt investment structures. WHIREP I is closed to new investors, although WHI may offer, from time to time, new similar funds.

WHI Realty Fund, LLC; WHI Realty Fund II, L.P.; and WHI Realty Fund III, L.P. - WHI Realty Fund, LLC was established in 2000, WHI Realty Fund II, L.P. was established in 2006, and WHI Realty Fund III, L.P. was established in 2008 (together the "Realty Funds"). WHI serves as the managing member/general partner and investment adviser to the Realty Funds. The Realty Funds maintain separate and distinct investment portfolios from one another. The Realty Funds may invest in both the equity and debt of individual (non-operating) real estate deals, as well as outside real estate managers. The Realty Funds are closed to new investors. WHI may offer, from time to time, new funds employing similar strategies.

BRP Fund I, L.P. – BRP Fund I, L.P. ("BRP"), formerly Brownfield Renaissance Partners I, L.P., was established in 2008. The general partner of BRP is BRP I GP LLC, an entity indirectly controlled by WHI. WHI Real Estate Partners serves as investment advisor to BRP. Third-party investors comprise a substantial majority of the committed capital in the fund. BRP historically invested in certain niche real estate assets, but in 2010 the partnership agreement for the fund was amended such that it will invest its remaining capital alongside WHIREP I. BRP is closed to new investors.

Tax Exempt Real Estate Fund I, LLC – Tax Exempt Real Estate Fund I, LLC (“TEREF”) was established in 2009. The managing member of TEREf is TEREf Management I, LLC, in which WHI holds a 60% indirect interest. WHI Real Estate Partners serves as investment advisor to TEREf. Third-party investors comprise a substantial majority of the committed capital in the fund. TEREf invests primarily in tax-exempt debt secured by large-scale commercial and residential development projects throughout the United States. TEREf is closed to new investors.

WHI Fixed Income Fund, LLC; WHI Fixed Income Fund II, LLC; and WHI Fixed Income Fund III, L.P. - WHI Fixed Income Fund, LLC was established in 2001, WHI Fixed Income Fund II, LLC was established in 2004, and WHI Fixed Income Fund III, L.P. was established in 2007 (together, the “Fixed Income Funds”). WHI serves as the managing member/general partner and investment adviser to the Fixed Income Funds. The Fixed Income Funds maintain separate and distinct investment portfolios from one another. The Fixed Income Funds invest in special opportunities in the fixed income market, including corporate and high yield bonds, mezzanine debt, and various other types of debt and income-generating securities. The assets in the Fixed Income Funds are invested in opportunities that WHI believes present the potential for superior risk-adjusted returns to those that WHI expects to get from traditional fixed income investments. The Fixed Income Funds are closed to new investors. WHI may, from time to time, offer new vintages of fixed income funds.

WHI Morula Fund, LLC and WHI Morula Fund II, L.P. - WHI Morula Fund, LLC was established in 2003 and WHI Morula Fund II, L.P. was established in 2007 (together, the “Morula Funds”). WHI serves as the managing member/general partner and investment adviser to the Morula Funds. The Morula Funds may invest directly or through outside-managed funds. WHI Morula Fund, LLC generally invested directly in individual, early stage (private) equity investments in the biotechnology, healthcare, and life sciences arena. WHI Morula Fund II, L.P. is generally investing through a fund-of-funds format in one or more investment managers who are responsible for the direct investments. Morula Fund II has made a substantial investment in LifeTech Developments Fund I, L.P. and has an economic interest in the manager of that fund. The Morula Funds include investments in fledgling companies, and a variety of other privately owned businesses that are speculative and illiquid, but which offer potential for superior returns should they succeed. While these individual investments are subject to significant risks, WHI believes a portfolio of such companies offers the potential for superior returns over time. The Morula Funds are closed to new investors.

WHI Private Equity Managers Fund, LLC; WHI Private Equity Managers Fund II, L.P.; WHI Private Equity Managers Fund III, L.P.; and WHI Private Equity Managers Fund IV, L.P. (together the "PEM Funds") - WHI Private Equity Managers Fund, LLC was established in 2000, WHI Private Equity Managers Fund II, L.P. was established in 2005, WHI Private Equity Managers Fund III, L.P. was established in 2006, and WHI Private Equity Managers Fund IV, L.P. was established in 2007. WHI serves as the managing member/general partner and investment adviser to the PEM Funds. The PEM Funds maintain separate and distinct investment portfolios from one another. The PEM Funds invest in a limited number of funds managed by outside managers. These funds invest their assets primarily in private equity and venture capital as well as other examples of private, less liquid or non-marketable securities. The PEM Funds are closed to new investors. Many of the funds in which the PEM Funds invest have extended lock-up periods, generally in the range of 5-10 years or perhaps even longer. While the PEM Funds are somewhat diversified in terms of the breadth of investment type and strategy employed, they are subject to significant liquidity risk, given the nature of the investments that the outside managers have made. WHI may, from time to time, offer new vintages of private equity manager funds.

WHI Private Equity Fund, LLC and WHI Private Equity Fund II, L.P. - WHI Private Equity Fund, LLC was established in 2005 and WHI Private Equity Fund II, L.P. was established in 2006 (together, the "Private Equity Funds"). WHI serves as the managing member/general partner and investment adviser to the Private Equity Funds, with WHI Capital Partners, a division of WHI, analyzing the potential investments. The Private Equity Funds generally make controlling private equity investments in a limited number of entities. Due to the restricted nature of the investments made, investors' assets invested in the Private Equity Funds may be locked up for 10 years or perhaps longer. The Private Equity Funds are closed to new investors.

Panacea Fund, LLC - Panacea Fund, LLC (the "Panacea Fund") was established in 2001. WHI serves as the managing member and investment adviser to the Panacea Fund. The Panacea Fund's objective was to achieve capital appreciation through investing in companies in the biotechnology, pharmaceutical, and healthcare industries. The Panacea Fund focused on companies that generally have a market capitalization of less than \$1 billion (i.e., smaller sized companies that tend to be at an earlier stage of development). The Panacea Fund invested predominantly in publicly traded equity securities. In mid-2010, WHI commenced the wind-down of the Panacea Fund, which is substantially completed.

WHI Select Fund, L.P. - WHI Select Fund, L.P. (the "Select Fund") was established in 1999. WHI serves as the general partner and investment adviser to the Select Fund. The Select Fund evolved into a more concentrated fund that was comprised of 10-25 investments, generally also held by other WHI Investment Funds. In early 2009, WHI commenced the wind-down of the Select Fund, which is substantially completed.

Harris Venture Partners, LLC and WHI Ventures Fund I, LLC - Harris Venture Partners, LLC was established in 2000 and WHI Ventures Fund I, LLC was established in 2001 (together, the "Harris Venture Funds"). WHI serves as the managing member and investment adviser to the Harris Venture Funds. The Harris Venture Funds maintain separate and distinct investment portfolios. The Harris Venture Funds made individual, early stage (private) equity investments in a variety of privately owned speculative and illiquid businesses. The Harris Venture Funds are closed to new investors and are being liquidated.

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

Methods of Analysis:

WHI's research and investment personnel review and study many types of research information and attend investment seminars, conferences, and private meetings with research analysts and company management at which they receive market and economic information relevant to WHI's management of client accounts. WHI's research and investment staff engage in numerous methods of securities analysis. While the historical focus of our evaluation has tended to be a fundamental analysis of securities, our methods also include charting, technical and cyclical assessments of securities.

Investment Strategies:

The investment strategies used by WHI to implement any investment advice given to clients include long-term and short-term purchases, trading, short sales, margin transactions, and options writing.

For a selected small number of individual accounts, WHI may use stock index futures, interest rate caps, currency swaps, and other leveraged investments to hedge equity or fixed income positions in managing client exposures.

Risk of Loss:

Investing involves a risk of loss that clients should be prepared to bear. Clients should be aware of the following risks, among others, as some of them may be relevant to WHI's management of client portfolios.

General Investment and Trading Risks. All securities, commodities, derivatives and other investments risk the loss of capital. WHI believes that the investment programs and research techniques utilized by its staff will moderate these risks through a careful selection of securities, commodities, and/or other instruments for investment. No guarantee or representation is made that the Firm's investment programs will be successful. Some investment programs implemented on behalf of the Firm's clients (including some of the Investment Funds) may utilize investment techniques such as trading options and other derivatives, margin transactions, and short sales. These practices can, in certain circumstances, result in additional risks to clients whose accounts use such investments/strategies.

The Firm may invest in bonds and other fixed income securities, including "higher yielding" (and, therefore, higher risk) debt securities when it believes that these securities offer appropriate risk-adjusted trading or investment opportunities. Many of these securities may be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher rated securities. It is likely that a major economic recession could disrupt severely the market for these securities and have an adverse impact on their value. In addition, it is likely that an economic downturn could adversely affect the ability of the issuers of these securities to repay principal or pay interest thereon and increase the incidence of default for these securities.

The Firm may also invest its clients' assets in Investment Funds or single purpose entities or other vehicles that engage directly in various investment transactions, including loans, purchasing or financing of real estate, and private equity investments. These investments are subject to risk of loss, particularly where invested in a single borrower or single project, or when concentrated in a particular industry, category of asset or geographic area. Moreover, as detailed below, these investments are generally illiquid in nature.

In certain transactions for some clients, WHI may not be accurately or adequately “hedged” against all possible market fluctuations with respect to equity or fixed income positions. This can result in losses, even if the proposed hedging transaction is consummated.

The Firm attempts to assess the foregoing risk factors and others in determining the extent of the securities positions it will take and the prices it is willing to pay for these securities. However, these risks cannot be eliminated, and hedging may not be successful.

Strategy Risk. Strategy risk relates to the deterioration of the economic viability of an entire strategy. Strategy-specific losses can result from excessive concentration in the same investment approach or general economic events that adversely affect particular strategies (e.g., illiquidity within a given market).

General Economic Conditions. The success of any investment activity will be affected by general economic conditions which affect the level and volatility of prices as well as the liquidity of the markets. The prices of many securities and derivative instruments are highly volatile. The price movements of the instruments which the Firm on behalf of its clients will acquire or sell short will be influenced by, among other things, interest rates, changing supply and demand relationships, the trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events. Governments from time to time intervene, directly and by regulation, in certain markets (particularly those in currencies and interest rates), thereby disrupting strategies focusing on these sectors. Unexpected changes (in either direction) in the volatility or liquidity of the markets in which clients hold positions could cause significant losses.

The profitability of a significant portion of the Firm’s investment program will depend upon its ability to correctly assess future price movements in stocks, bonds, commodities and other instruments. WHI may not be able to predict these price movements accurately, even during market periods which are favorable to most other managers.

Each investment strategy selected by WHI for clients will be unlikely to achieve its objectives under certain market conditions, which may prevail for substantial periods of time after the client’s assets are allocated to a particular strategy.

Securities Interests. Securities interest trading is speculative and volatile. Securities interests traded by the Firm on behalf of its clients may involve substantial risks and may be subject to wide and sudden fluctuations in market value with resulting fluctuations in the amount of profits and losses. Securities interest prices also may be volatile. Similarly,

the same factors which influence commodities interest pricing, described below, influence the securities markets.

Commodities Interests. Commodities interest trading is speculative and volatile. Commodities interest prices are volatile. The price movements for contracts are influenced by, among other things, changing trade, fiscal, monetary, and exchange control programs and policies of governments; domestic and foreign political and economic events and policies; changes in domestic and foreign interest rates and rates of inflation; currency devaluations and revaluations; and sentiments of the marketplace. In addition, governments from time to time intervene directly and by regulation in certain markets, often intending to influence prices directly.

Securities and Commodities Interest Trading May Be Illiquid. It is not always possible to execute a buy or sell order at the desired price or to close out an open position due to market illiquidity. Illiquidity can be caused by intrinsic market conditions, the interrelationship between the securities and commodities markets, or extrinsic factors like the imposition of daily price fluctuation limits.

At various times, the markets for securities interests purchased or sold by the Firm for its clients may be “thin” or illiquid, making the purchase or sale of securities interests at desired prices or in desired quantities difficult or impossible. Markets in some securities interests may be subject to “short squeezes”. A short squeeze is a condition caused by an unusually large amount of a specific security being sold short. This may lead to the short sellers having to borrow the securities at an extremely high rate. A short squeeze may also induce many of the short sellers to buy the issue they are short, and thus cause the issue to rise in price relative to similar issues. In addition, certain securities may have holding period requirements or other transfer restrictions which make them illiquid.

Short Sales. WHI may in certain cases engage in short sales for selected clients. A short sale involves the sale of a security that the client does not own in anticipation of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, WHI, on behalf of the client, must borrow the security and is obligated to return the security to the lender, which is accomplished by a later purchase of the security by the client. When a client makes a short sale in the United States, it typically must leave the proceeds thereof with the broker and must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize its obligation to replace the borrowed securities that have been sold. A short sale involves the risk of a theoretically unlimited increase in the market price of the security that would result in a theoretically unlimited loss. Furthermore, if WHI has, on behalf of a client, sold short the securities offered in an exchange offer or merger and

has purchased the securities of the target company, the client is exposed to the risk that, if the transaction is not consummated, it may suffer losses with respect to both its long and short positions. There can be no assurance that the security necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Margin. Some clients may be required to deposit margin in connection with their trading and investment activities. This results in certain additional risks for the clients involved. For example, should the cash or securities pledged to secure the margin accounts decline in value or should the broker or dealer increase its margin requirements on a client's positions, the client could be subject to a "margin call", pursuant to which the client must either deposit additional funds or suffer mandatory liquidation of the pledged securities and the investment position to compensate for the decline in value or increased margin requirements. In the event of a sudden precipitous drop in the value of their assets or increase in margin requirements, clients might not be able to liquidate assets quickly enough to cover margin debts or avoid liquidation of positions.

If a client is unable to satisfy any margin call by the broker, then the broker could liquidate the client's position in some or all the financial instruments that are in the client's account at the broker and cause the client potentially to incur significant losses.

Trading of Options. Although successful option trading requires many of the same skills as does successful securities and commodities futures contract trading, the risks involved are somewhat different. If a client buys an option (either to sell or buy a security or futures contract), the client pays a "premium" representing the market value of the option. Unless the price of the security or futures contract underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the client may lose the entire amount of the premium. Conversely, if the client sells an option (either to sell or buy a security or futures contract), it is credited with the premium, but must deposit margin due to the contingent liability to deliver or accept the security or futures contract underlying the option in the event the option is exercised. Clients who sell options are potentially subject to the entire loss which occurs in the underlying security or futures contract (less any premium received). The ability to trade in or exercise options may be restricted in the event that trading in the underlying security or futures contract becomes restricted.

The client who bought a call option assumes the risk of losing his/her entire investment in the call option. If the client who bought the call also has a short position in the underlying security, futures contract or commodity, the loss on the call will be offset in whole or in part by any gain on the short sale of the underlying security, futures contract or commodity.

Selling (or writing) options creates additional risks. A client who sells a call option but who also has a long position in the underlying security, futures contract or commodity is subject to the full risk of a decline in price of the security, futures contract or commodity reduced by the premium received for selling the option. In exchange for the premium received for selling a call option, the call option selling client gives up all of the potential gain resulting from an increase in the price of the underlying security, futures contract or commodity above the option strike price upon exercise or expiration of the option. A client who sells a put option but who also has a short position in the underlying security, futures contract or commodity is subject to the full risk of a rise in the price of the security, futures contract or commodity reduced by the premium received for selling the option. In exchange for the premium received for selling a put option, the put option selling client gives up all of the potential gain resulting from a decrease in the price of the underlying security, futures contract or commodity below the option strike price upon exercise or expiration of the option. The client who buys a put option assumes the risk of losing his/her entire investment in the put option. If the buyer of the put has a long position in the underlying security, futures contract or commodity, the loss on the put will be offset in whole or in part by any gain on the long sale of the underlying security, futures contract or commodity.

Trading of Swap Contracts. WHI may, for some of its clients, enter into swap and similar transactions involving or relating to interest rates, currencies, securities interests, commodities interests, indices, prices, and other items. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows measured by different variables such as interest rates, currency exchange rates, securities or commodities indices, or any combination of the foregoing, with payments generally calculated by reference to a principal ("notional") amount or quantity. Swap contracts have not historically traded on exchanges, and while there has been study and discussion of possible regulation and/or requiring exchange trading of swaps, it is not clear that will occur. As a consequence, investors in such contracts do not currently benefit from the regulatory protections of such exchanges or the SEC, the Commodities Futures Trading Commission ("CFTC"), or other governmental or regulatory authorities in any jurisdiction; rather, banks and dealers act as principals in these markets.

Trading in the swap markets presents certain risks in addition to those found in the securities, commodities, and option markets. For example:

(1) The swap markets are not generally regulated by any U.S. or foreign governmental authorities. Although banks and dealers, which are participants in these markets, are regulated in various ways by U.S. and foreign banking and securities authorities, they generally do not regulate the swap markets.

- (2) There are no limitations on daily price movements in swap contracts.
- (3) Speculative position limits are not applicable to swap contract trading.
- (4) Participants in the swap markets are not required to make continuous markets in the contracts they trade. There have been periods during which certain participants in these markets have refused to quote prices for swap contracts or have quoted prices with an unusually wide spread between the price at which they are prepared to buy and the price at which they are prepared to sell.
- (5) Trading in the swap markets involves the extension of credit by a participant to its counterparty. The counterparties typically require initial collateral deposits. WHI and its counterparties may periodically exchange collateral to secure mark-to-market valuations of swap contracts.
- (6) The swap markets are “principals’ markets,” in which performance with respect to a swap contract currently is the responsibility only of the counterparty with which the trader has entered into a contract (or its guarantor, if any), and not of any exchange or clearinghouse. As a result, clients participating in swaps are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the principals with which WHI trades. Any failure or refusal of a swap counterparty, whether due to insolvency, bankruptcy, default, or other cause, could subject clients to substantial losses. Clients will not be excused from the performance of any swap contracts into which WHI has entered on their behalf due to the default of third parties in respect of swap contracts or other transactions which were to have substantially offset such contracts. WHI trades swap contracts on behalf of clients only with counterparties that it has determined to be creditworthy.

Equity Securities. The equity securities of smaller and medium capitalized companies tend to be more volatile and less liquid than those of larger capitalized companies, may have underperformed the securities of larger capitalized companies during some periods and tend to have a shorter history of operations than larger capitalized companies. Equity securities considered to be “growth” stocks may underperform other asset types, including “value” stocks during a given period, and are generally associated with less established companies. During other periods, however, growth stocks have outperformed value stocks, and securities of small and medium capitalized companies have outperformed the securities of larger capitalized companies.

Equity securities held by clients, particularly in privately held companies or through single purpose entities, may be illiquid due to the absence of an established market for the securities as well as legal, contractual or other restrictions on their resale.

Investment Funds. In addition to the risks outlined above, investors in the Investment Funds described in Item 7 above should carefully read the “Risk Factors” section of the particular Investment Fund’s Confidential Offering Memorandum. Investors should also be aware that interests in the Investment Funds and other single purpose entities may be very illiquid, and consequently, an investor may not be able to sell his/her interests in the Investment Fund or single purpose entity. Illiquidity may result from the absence of an established market for the interests of the Investment Fund or single purpose entity as well as legal, contractual or other restrictions on their resale. WHI does not make a market in the interests of any of the Investment Funds or single purpose entities and has no plans to do so in the future. An investment in the interests of any of the Investment Funds or single purpose entities may require a long holding period prior to profitability or realization.

Item 9 – Disciplinary Information

Registered investment advisers, such as WHI, are required to disclose any and all material facts regarding any legal or disciplinary events that would be material to evaluation of the Firm or the integrity of its management. As such, we are advising you that neither WHI nor any of its supervised persons have been subject to any legal or disciplinary events which would require disclosure.

Item 10 – Other Financial Industry Activities and Affiliations

As noted above, WHI serves as the general partner or managing member of the Investment Funds and in that capacity provides managerial services to the Investment Funds.

As part of managing the financial affairs of certain members of the Irving Harris family and its other clients, WHI performs services which are in addition, and sometimes ancillary, to its role as investment adviser. These services may include administrative services such as personal and household budget counseling, estate and tax planning, tax return preparation, philanthropic advice and insurance services. Officers of WHI also serve as general partners or managing members of certain limited partnerships and limited liability companies, including the single purpose entities discussed previously, and as trustees of certain trusts established by WHI or its clients.

Harris Bridge Corp., Inc. ("Bridge Corp.") was established in December 2007 and is wholly owned by two WHI employees that are not members of the Irving Harris family. Bridge Corp. may assist members of the Irving Harris family, WHI employees and other WHI clients by facilitating loans and providing other financial services. Bridge Corp. does not render investment advice nor does it offer portfolio management services to WHI clients.

WHI does not itself participate in any lending activity with any of its advisory clients; however, it guarantees borrowings of Bridge Corp.

WHI may solicit its advisory clients to invest in the Investment Funds, described above. Interests generally are offered and sold to persons or entities who are "accredited investors" as defined in Regulation D under the Securities Act.

Item 11 – Code of Ethics

WHI's officers, directors, and employees are subject to a Code of Ethics, which includes various reporting, disclosure, and approval requirements that are intended to prevent actual and potential conflicts of interest with transactions in client accounts. In general, WHI's officers, directors, and employees are required to obtain approval before engaging in securities transactions and may not participate in personal securities transactions ahead of a transaction in the same security for a WHI client account. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of WHI will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between WHI and its clients. The Code of Ethics also prohibits use of "inside" information by and restricts certain outside business activities of WHI officers, directors and employees. WHI will provide a copy of the Code of Ethics to any client or prospective client upon request.

Item 12 – Brokerage Practices

WHI has entered into brokerage relationships with Pershing, L.L.C. ("Pershing") and with Goldman, Sachs & Co. ("Goldman Sachs") to provide significant brokerage services to WHI clients. WHI places transactions with Pershing or Goldman Sachs as prime broker for execution as well as clearance and settlement or, if WHI prefers, WHI may execute through other brokers or dealers and instruct them to introduce the transaction to Pershing or Goldman Sachs for clearance. Pershing and Goldman Sachs provide a range of securities trading, settlement, securities custody, and cash management services. WHI does not utilize soft dollar arrangements with Pershing or with Goldman Sachs, but does with other brokers or dealers as described below.

WHI operates pursuant to a schedule of charges with Pershing and with Goldman Sachs. Pursuant to this schedule, Pershing and Goldman Sachs charge a brokerage commission for transactions executed through each as a broker, or a fixed fee per transaction where they act as the prime broker for clearance and settlement.

WHI's overall objective in selecting brokers and dealers to effect securities transactions for clients is to seek the best combination of price and execution. The best net price, giving effect to brokerage commission, if any, is an important factor in this decision; however, a number of other judgmental factors may also enter into this decision. These factors include: WHI's knowledge of negotiated commission rates currently available and other current transaction costs; the nature of the security being purchased or sold; the size of the transaction; the desired timing of the transaction in the market for the particular security; confidentiality; and the execution, clearance and settlement capabilities of the broker or dealer selected and others considered. WHI also considers financial condition in the selection of a broker or dealer, as well as any actual or apparent operational problems experienced by the broker or dealer. Recognizing the value of these factors, WHI may cause a client to pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction or series of transactions.

Research Products and Services:

In keeping with its overall objective to obtain the best combination of price and execution, WHI seeks brokers or dealers who provide it with valuable research and market information. Where more than one broker is believed to be capable of providing the best combination of price and execution with respect to a particular portfolio transaction, WHI places importance on and often selects a broker which provides it with research reports; subscriptions to financial publications; compilations of securities prices, earnings, dividends and similar data; invitations to analyst research conferences; or the services of economic and other consultants. In recognition of these valuable research services offered by a broker, WHI may direct brokerage transactions to that broker, usually in connection with a particular research recommendation or report, even if the brokerage commissions are greater than those charged by other brokers for the same transaction.

The brokerage commissions used to acquire these services are known as "soft dollars." Section 28(e) of the Securities Exchange Act of 1934 (the "Exchange Act") and related SEC interpretive materials provide a "safe harbor" which allows WHI to pay for research and brokerage services with soft dollars generated by client account transactions. Section 28(e) permits WHI, under certain circumstances, to cause client accounts to pay brokers and dealers a commission for effecting portfolio transactions in excess of the commission another broker or dealer would have charged to effect such transactions.

Broker-dealers typically provide a bundle of services, including research and execution. The services provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third party but provided by the broker-dealer). WHI may use soft dollars to acquire either type. It is not generally possible to place a dollar value on the special executions or on the research services WHI receives from broker-dealers effecting transactions in portfolio securities. Accordingly, WHI may pay broker-dealers commissions for effecting clients' portfolio transactions in excess of amounts other broker-dealers would have charged for effecting similar transactions if WHI determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or WHI's overall duty to its discretionary accounts.

In determining whether a service or product qualifies as research or brokerage, WHI must evaluate whether the service or product provides lawful and appropriate assistance to it in carrying out its investment decision-making responsibilities. Brokerage and research services that may be provided under Section 28(e) include: (1) furnishing advice as to the value of securities, the advisability of investing in, purchasing or selling securities, and the availability of securities or purchasers or sellers of securities; (2) furnishing analyses and reports and sponsoring seminars or conferences concerning industries, issuers, securities, economic factors and trends, portfolio strategy, and the performance of accounts; and (3) effecting securities transactions and performing functions incidental thereto (such as clearance, settlement, and custody). Examples of services which WHI may pay for with client commissions include certain market publications and commentaries, research and data reports, economic forecasts, and similar Section 28(e) permitted services.

The receipt of research in exchange for soft dollars benefits WHI by allowing WHI, at no cost to it, to supplement its own research and analysis activities. This creates a potential conflict of interest which WHI recognizes. WHI limits its use of soft dollars to only those services which are within the safe harbor. Moreover, any research services received by WHI are in addition to, and not in lieu of, services required to be performed by WHI under its investment management agreements.

WHI will not enter into any agreement or understanding with any broker-dealer which would obligate WHI to direct a specific amount of brokerage transactions or commissions in return for such services. However, certain broker-dealers may state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent. For example, WHI may request a broker to provide research produced by the broker or third party and the broker providing the service will advise WHI of the amount of

brokerage commissions it expects to receive to cover the cost of the product or service. WHI will then decide whether it is worthwhile to direct sufficient commissions to the broker to ensure the receipt or continued use of research products, services or recommendations. In making this decision, WHI analyzes whether the commissions paid are reasonable in relation to the value of the brokerage services and/or research services received, viewed in terms of a particular transaction or WHI's overall duty to its discretionary accounts.

As a general matter, brokerage and research services are used to service all of WHI's discretionary accounts. However, each brokerage or research service may not be used for the benefit of every account managed by WHI, and brokerage commissions paid by one account may be used to pay for brokerage and research services that may not be used to service that account. WHI does not usually attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in aggregate, the research it receives benefits clients and assists WHI in fulfilling its overall duty to its clients.

Qualified Pension Plans and IRAs:

WHI may manage accounts for individual retirement accounts and qualified benefit plans established for clients. Those plans are subject to the fiduciary requirements of the Employee Retirement Income Security Act of 1974 ("ERISA"). Under ERISA, a fiduciary dealing with assets of a plan may not receive consideration for its own account in a transaction involving plan assets, including investment research, except pursuant to the exemption provided by Section 28(e) of the Exchange Act. WHI may execute portfolio transactions for ERISA plan accounts with brokers providing soft dollar research and services; however, such commissions are not used to purchase non-research products or services for ERISA plan accounts. Under Section 28(e), WHI must make a reasonable and good faith determination that the commissions paid are commensurate with the value of the brokerage and research services received. Research services obtained in this fashion may also benefit other WHI clients who may not necessarily be the same clients who generated the soft-dollar credits through their brokerage transactions. For more details about WHI's soft-dollar practices, see "Research Products and Services" above.

Bunched Transactions:

As indicated below, WHI places orders simultaneously for multiple client accounts in the same security with the same broker. Those orders are bunched and executed at an average daily price determined by the broker. The transactions are then generally allocated by WHI to each account pursuant to the pre-determined order allocation system described below and in WHI's Supervisory Procedures Manual. In some instances, WHI may place a number

of bunched orders for the same security on the same day, in which case orders executed at different prices may be equitably allocated in discrete lots in accordance with the allocation system described below.

Client-Directed Brokerage Transactions:

A client may occasionally direct WHI to use a particular broker-dealer, or broker-dealers, to execute portfolio transactions for his/her account. Where a client directs the use of a particular broker-dealer or broker-dealers, WHI may not be in a position where it can freely negotiate commission rates or spreads, or select broker-dealers on the basis of best price and execution. Additionally, transactions for a client who directs brokerage may not be combined or "bunched" for execution purposes with orders for the same securities for other accounts managed by WHI. As a result, directed brokerage transactions may result in higher commissions, greater spreads, or less favorable net prices than would be the case if WHI were authorized to select brokers and dealers to execute transactions for the client's account.

"New Issue" and IPO Policy:

Generally, securities offered in an initial public offering ("IPO") are considered "new issues" and may be restricted to certain accounts based on the account owner's affiliation with WHI, its investment objectives, investment restrictions, or trading strategies. Clients whose investment restrictions preclude investing in new, "unseasoned" or small capitalization issuers will not be considered for investments in IPOs or "new issues". Moreover, clients whose trading strategies prohibit short-term trading may be included in the purchase of an IPO or "new issue" but may be unable to sell shortly after purchase along with other clients advised by WHI whose investment objectives permit the realization of short-term profits. WHI's portfolio manager may also determine that based upon his/her understanding of the clients' investment parameters, certain transactions in IPOs may be inappropriate for their accounts. Client accounts that are not prohibited from purchasing and/or selling IPOs may nevertheless not participate in such transactions if to do so would be inconsistent with their historical or expected trading practices or overall investment objectives. Client accounts that do not invest in IPOs will not have either the benefit of profit or the risk of loss which is inherent in these investments.

The Financial Industry Regulatory Authority, Inc. ("FINRA") regulates the participation by certain persons in "new issues" acquired from a broker-dealer. Those persons include associated persons of certain broker dealers and portfolio managers of investment advisers and banks. These restrictions limit or preclude the ability of certain of WHI's clients from investing in new issues. WHI periodically presents its clients a questionnaire to determine

the client's eligibility under FINRA rules to participate in new issues. WHI also uses certain procedures to "allocate away" profits generated by new issues from restricted investors in the Investment Funds or other collective investment vehicles sponsored by WHI.

Participation or Interest in Client Transactions:

WHI frequently purchases, sells for or recommends to its clients that they invest in securities or investment products of issuers in which WHI, or its employees, directors and owners are also investors or managers. Because the accounts of WHI's shareholders comprise the majority of its assets under management, these accounts often buy or sell securities which WHI may purchase or sell for other WHI clients.

Because of the varying investment objectives of its clients, WHI does not purchase, sell, or recommend to all of its clients each security which WHI may purchase for the accounts of its clients, some of whom also may be employees, directors, or owners of WHI. Moreover, WHI and its officers and directors may give advice or take investment actions for their own accounts that may differ from or be inconsistent with the nature and timing of advice given to its clients.

In some instances, WHI may place orders simultaneously for the same security through a single broker for a portion of or for all of its accounts. These orders are combined or "bunched" when possible to facilitate best execution. The orders are usually filled at an average price assigned by the executing broker at the end of the day.

WHI endeavors to treat all of its clients, whether or not members of the Irving Harris family, equitably in order to avoid preferential treatment for certain clients, employees, and associated persons. WHI has established a predetermined allocation system for bunched orders or block transactions. The system provides that orders will be allocated to WHI's accounts in the following priority: (1) Investment Funds and non-proprietary client accounts managed by WHI, and (2) (i) proprietary accounts and accounts for officers and directors of WHI, and (ii) accounts where a WHI employee has a direct or indirect economic interest. Where possible, allocations will be made in round lots and in sizes not less than the size necessary to cover minimum ticket charges. However, cash balances, account liquidations, minimum position size, small lot orders, and the need to raise cash for a particular account may result in modification to the normal allocation procedure. Once orders in the first category are filled, orders in the second category may be filled, generally on a pro-rata basis, although small orders in the second category may be filled in their entirety before other large orders are allocated their pro-rata share. There is no regular order or priority for the accounts in the second category, and orders in this group do not

necessarily have to be pro-rated. WHI's trade allocation policy is fully detailed in its written Supervisory Procedures Manual.

The aggregate revenues of WHI may be affected as a result of the purchase by clients of interests in the Investment Funds and other investment vehicles sponsored by WHI. The Investment Funds and investment vehicles may charge management fees different from WHI's advisory fees. As described above, where client assets are invested in such entities, the value of such investments is typically not included in the value of the client's account for the purposes of computing WHI's advisory fees with respect to the account.

WHI renders its investment advice, at the option of its clients, on a discretionary basis. The extent to which its discretion is limited or conditions are imposed on such discretion is negotiated with each client and is specified to WHI by the client and set forth in the written client advisory agreement. In the case of clients that are qualified retirement plans or individual retirement accounts, WHI must adhere to legal restrictions regarding multiple services and other prohibitions under ERISA or the Internal Revenue Code.

During the course of securities trading on behalf of client accounts, errors may occur. Clients will not bear any losses due to trading errors on the part of WHI or its employees. To the extent that trading errors are identified prior to the settlement date of the transaction, WHI will move the position to an error account or make other arrangements so that WHI will keep any profit or bear any losses associated with the trading error. If a trading error is identified after the transaction has already settled in a client's account, the client will keep any profits and WHI will compensate them for any losses. Due to WHI's daily monitoring of securities transactions for any inconsistencies, it is most likely that trading errors will be identified pre-settlement.

Item 13 – Review of Accounts

Advisory accounts are reviewed on an ongoing basis for performance, duration of investment, comparison with broad market indicia such as market indexes or composites, and quality of portfolio execution. Meaningful events, unusual market conditions, or changes in a client's investment objectives would prompt immediate review of an account affected by such developments.

With respect to the WHI Investment Funds (as discussed above), WHI reviews Investment Fund portfolios on a regular basis for performance and adherence to investment objectives.

WHI furnishes to clients quarterly reports showing all investment positions and the value of their account at the end of the quarter and all funds held for the client and cash

transactions in the client's account during the quarter. Clients also receive reports directly from qualified custodians (e.g., banks, brokerages) on at least a quarterly basis showing cash/investment positions, value and transactions in the client's account or in a WHI agency account (see "Cash Management Services" in Item 5 above). Clients are urged to carefully review reports received from qualified custodians and to compare those reports with reports received from WHI.

Although clients may request that custodian statements be sent only to WHI, under applicable SEC rules and/or the policies of some custodians, confirmations and activity statements for client accounts are sent directly to the client, with copies at the client's request being sent to WHI. Unless otherwise requested, clients receive copies of security trade confirmations directly from the broker for any security transactions in the client's account.

Item 14 – Client Referrals and Other Compensation

WHI does not currently have any client referral arrangements and is not provided any other compensation in connection with attracting and retaining clients that is not described in this Brochure.

Item 15 – Custody

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains the client's investment assets. WHI urges clients to carefully review these statements and compare them to the account statements provided by WHI. WHI's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Item 16 – Investment Discretion

Where a client grants investment discretion to WHI, WHI has authority to supervise and direct investments for the client's account without prior consultation with the client. Pursuant to this discretionary authority, WHI normally determines which securities are bought or sold for the account, the total amount of such purchases and sales, the brokers or dealers through which transactions will be effected, and the commission rates, if any, paid to effect the transactions. Occasionally, WHI's authority may be limited or made subject to conditions imposed in writing by the client, e.g., where the client restricts or prohibits purchases or sales of certain securities or types of securities. WHI's discretionary authority is detailed in its investment advisory agreements with its clients.

Where a client does not grant to WHI investment discretion, WHI makes investment recommendations to the client as to which securities are to be purchased or sold, and the amounts to be purchased or sold. Upon approving the recommended transactions, the client may request that WHI direct the execution of purchase or sale orders to implement the recommended transactions for the client's account. In these instances, WHI may have authority to determine the brokers or dealers through which the transactions will be executed and the commission rates, if any, paid to effect the transactions.

Item 17 – Voting Client Securities

WHI's proxy voting policy is based on the principle that all proxies are voted in the best long-term economic interest of the advisory clients of WHI, unless a client informs WHI that he/she wants to vote proxies himself/herself. WHI's voting policies are set forth in WHI's Supervisory Procedures Manual. For each proxy, WHI maintains all related records as required by applicable law. A client who delegates voting authority to WHI may obtain a copy of the Supervisory Procedures Manual, or a copy of the specific voting record for his or her account(s), by contacting WHI at 1-312-621-0590.

Item 18 – Financial Information

As a registered investment adviser, WHI is required in this Item to provide certain disclosures about its financial condition. WHI 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.