



ROTHSCHILD ASSET MANAGEMENT INC.

1251 Avenue of the Americas, 44th Floor

New York, New York 10020

(212) 403-5460

<http://www.us.rothschild.com/assetmanagement>

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This Brochure provides information about the qualifications and business practices of Rothschild Asset Management Inc. (“Rothschild Asset Management”). If you have any questions about the contents of this Brochure, please contact us at (212) 403-5460. 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.

Rothschild Asset Management is a registered investment adviser. Registration of an adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information about which you determine to hire or retain and adviser.

Additional information about Rothschild Asset Management is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the SEC published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated June 29, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Brochure is materially different in structure and requires certain new information that our previous disclosure document did not require.

In the future, this Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our Brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, you will receive annually a summary of any material changes to this and subsequent Brochures by June 29th, which is 120 days after the close of our business’ fiscal year of March 31st. We may further provide other ongoing disclosure information about material changes as necessary.

Our Brochure may be requested by phoning (212) 403-5460 or emailing raminc@rothschild.com. Additional information about Rothschild Asset Management is also available via the SEC’s web site at www.adviserinfo.sec.gov.

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Item 4 – Advisory Business

Advisory Services

Rothschild Asset Management provides investment advisory services on a discretionary basis to a broad range of clients, including corporate pension plans and profit-sharing plans, public pension funds (e.g., state and municipal government entities), Taft-Hartley plans, healthcare organizations, endowments, foundations, high-net-worth investors, sub-advised accounts, other pooled investment vehicles, and retail investors in various wrap fee programs. We also provide non-discretionary investment advice to various wrap unified managed account programs. *(Please see “Item 7 – Types of Clients” for more information.)*

Investment Strategies and Product Types

Rothschild Asset Management offers investment management services covering a range of U.S. securities, including large-cap, mid-cap, small/mid-cap, small-cap, balanced, fixed income, and long/short strategies. *(Please see “Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss” for more information.)*

Investment Strategy	Benchmark	Product Type	Inception Date
Large-Cap Core	S&P 500	Separate Account or Commingled Fund	January 1, 1990
Large-Cap Value	Russell 1000 Value	Separate Account or Commingled Fund	October 1, 2000
Large-Cap 130/30	Russell 1000	Separate Account	April 1, 2007
Mid-Cap Core	Russell Mid Cap	Separate Account	January 1, 1993
Mid-Cap Value	Russell Mid Cap Value	Separate Account	March 1, 2001
Small/Mid-Cap Core	Russell 2500	Separate Account or Commingled Fund	January 1, 1997
Small/Mid-Cap Value	Russell 2500 Value	Separate Account	January 1, 1997
Small-Cap Core	Russell 2000	Separate Account or Commingled Fund	January 1, 1991
Small-Cap Value	Russell 2000 Value	Separate Account	September 1, 1997
Small-Cap Growth	Russell 2000 Growth	Separate Account	October 1, 2007
Balanced	S&P 500 and Barclays Capital U.S. Intermediate Government/Credit	Separate Account	January 1, 1995
Taxable Fixed Income	Barclays Capital U.S. Intermediate Government/Credit	Separate Account	January 1, 2006
Tax-Exempt Fixed Income	Barclays Capital 1-10 Year Municipal Blend	Separate Account	February 1, 2006

Rothschild Asset Management also provides model portfolios to certain plan sponsors, who use them as a basis for trades that they execute in the accounts of their clients.

Rothschild Asset Management offers separate account portfolio management primarily to institutional and high net-worth investors. Accounts are subject to specified investment minimums. We also offer proprietary unregistered commingled funds to investors who meet the qualifications

for investment specified in the respective fund offering documents. Our investment management services are also available as an investment manager option on various retail separately managed wrap account platforms.

We use the same investment process to manage institutional accounts, our proprietary commingled funds, and wrap accounts. There may, however, be differences in the management of wrap accounts. Wrap accounts are often affected by tax considerations. They may have fewer securities positions and more varying cash levels due to frequent inflows and outflows compared to institutional accounts and commingled funds. The lower cash volatility in institutional accounts and commingled funds allows for more consistent management and less potential for having to sell securities to raise cash in inopportune times.

Investment Types

For equity strategies, we invest primarily in common stocks that trade on national exchanges, including the NYSE and NASDAQ, and may purchase American Depositary Receipts (“ADRs”). We do not currently invest in derivatives. As an alternative to holding cash, we may invest in exchange-traded funds (“ETFs”) when permitted by client guidelines. Preferred stocks and debt securities are not purchased, but may be held if received in-kind or in a distribution or other transaction.

Investments in fixed income and balanced portfolios include U.S. Treasury and agency securities and U.S. dollar-denominated investment grade bonds, including corporate and municipal bonds (as applicable). We invest primarily in securities whose underlying issuer rating from at least one of the two major rating agencies (Moody’s and Standard & Poor’s) is “A” or better.

Customization

We work with some institutional separate account clients to tailor our account management to client-specified guidelines and restrictions. At the inception of the client relationship, each of our clients executes an investment management agreement, which sets forth the investment objectives and any investment restrictions that will be applicable to our management of the assets in the client’s account. Clients may also specify their needs concerning other customizable services, including proxy voting, client reporting, client-directed brokerage arrangements, and the use of commissions to purchase third-party research services (soft dollar commissions).

Guidelines for Rothschild Asset Management’s commingled funds are specified in the offering document for each fund and cannot be tailored. Prospective fund investors are required to complete a Subscription Agreement to determine whether they meet the qualifications to invest in the fund.

Subject to any limitations that may be specified under a wrap sponsor’s program, clients investing in retail, separately-managed accounts may impose reasonable restrictions, such as blocking individual securities, or groups of securities based on social restrictions. Typically, applicable account restrictions are communicated to Rothschild Asset Management by the program sponsor and/or the client’s financial adviser at the time the account is opened and as needed when the client wishes to make changes.

Accounts with certain client-specified restrictions may have transactions executed separately and after accounts without restrictions, which may result in differences in the availability, price, and allocation of securities and may cause performance dispersion among accounts.

Principal Ownership

Rothschild Asset Management is a business unit of the Rothschild Group, a global financial services organization that was founded in the 18th century by members of the Rothschild family and is still family-controlled. The Rothschild Group's U.S. operations were established in 1947 to advise the Rothschild family with respect to its U.S. interests.

Rothschild Asset Management was formed in 1962. It registered as an investment adviser with the SEC in February 1970 and began managing tax-exempt accounts in 1971. Today, Rothschild Asset Management is a wholly-owned subsidiary of Rothschild North America Inc., a holding company established in 1987 with ultimate control by the Rothschild family.

Rothschild Asset Management's affiliates Rothschild Inc. and Rothschild (Canada) Securities Inc. are also wholly-owned subsidiaries of Rothschild North America Inc. Rothschild Inc. is a broker/dealer registered with the SEC and the financial industry regulatory authority that focuses on investment banking activities. Rothschild (Canada) Securities Inc. is registered with the Ontario Securities Commission and the Commission des Valeurs Mobilières du Québec and also focuses on investment banking. Rothschild Inc. does not trade or hold customer or proprietary accounts. Rothschild Asset Management does not execute any of its client account transactions through Rothschild Inc.

The principal owners who, directly or indirectly, own 25% or more of Rothschild Asset Management are listed below:

- Paris Orleans
- Paris Orleans Holding Bancaire
- Concordia Holding SARL
- Rothschild Concordia AG
- Rothschilds Continuation Holdings AG
- Rothschild North America Inc.

Assets Under Management

As of May 31, 2011, Rothschild Asset Management had approximately \$4.3 billion in discretionary assets under management and \$21 million in non-discretionary assets under management.

Item 5 – Fees and Compensation

The fees charged by Rothschild Asset Management vary for its clients depending on the type and size of the account and other conditions. We primarily manage accounts from which we receive asset-based management fees. However, we also manage accounts that have a base fee component, which is not tied to performance, and a performance fee component. *(Please see "Item 6 – Performance-Based Fees and Side-By-Side Management" for more information.)*

The specific manner in which fees are charged by Rothschild Asset Management is established in a client's written agreement with Rothschild Asset Management or pursuant to the terms of the client's agreement with a wrap sponsor or platform provider, as the case may be.

Institutional Separate Accounts

The timing of the fee payment and basis for such fee depends on Rothschild Asset Management's agreement with the client. Typically, Rothschild Asset Management bills fees on a quarterly basis, although clients may also elect to be billed monthly. Clients may elect to be billed in advance or in arrears each billing period. Fees are generally based on the asset value of the account as of the last business day of each quarter or month, as applicable. For certain accounts, the fee is based on the average assets in the account during such quarter or month.

To calculate advisory fees, Rothschild Asset Management generally relies on prices provided by third-party pricing services, custodians, broker-dealers, or platform sponsors for purposes of valuing portfolio securities held in client accounts. Rothschild Asset Management may, on occasion, be required to "fair value price" a security when a market price for that security is not readily available or when Rothschild Asset Management has reason to believe the market price is unreliable.

Management fees are normally prorated for capital contributions and withdrawals during the applicable billing period. Accounts initiated or terminated during a billing period are charged a prorated fee. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

Clients may choose to be billed directly or to have Rothschild Asset Management bill the custodian bank, with a copy of the invoice sent to the client. Bills are normally sent within 30 days of the end of each quarter. It is expected that the fee will be paid within 30 days after receipt.

Rothschild Asset Management's fees are exclusive of brokerage commissions, transaction fees, custody fees, and other related costs and expenses that are incurred by the client. Item 12 further describes the factors that Rothschild Asset Management considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation, including their commission rates.

Rothschild Asset Management's standard per annum investment management fee schedules are listed below. Fee schedules differing from these standard schedules may be negotiated on a client-by-client basis. The minimum account size ranges from \$5 million to \$10 million, although we may accept smaller investments at our discretion.

Performance fees for certain accounts are also available, subject to applicable law, and are negotiable. (See "*Item 6 – Performance-Based Fees and Side-By-Side Management*" for more information.)

Institutional Separate Account Fee Schedule

Investment Strategy	Fee		Minimum
	<i>Account Size</i>	<i>Annual Fee Rate</i>	
Large-Cap Core	First \$25 million	0.60%	\$10 million
	Next \$25 million	0.50%	
	Balance	0.40%	
Large-Cap Value	First \$25 million	0.60%	\$10 million
	Next \$25 million	0.50%	
	Balance	0.40%	
Large-Cap 130/30	All assets	0.75%	\$10 million
Mid-Cap Core	First \$25 million	0.75%	\$5 million
	Next \$25 million	0.65%	
	Balance	0.50%	
Mid-Cap Value	First \$25 million	0.75%	\$5 million
	Next \$25 million	0.65%	
	Balance	0.50%	
Small/Mid-Cap Core	First \$50 million	0.85%	\$10 million
	Next \$50 million	0.75%	
	Balance	0.65%	
Small/Mid-Cap Value	First \$50 million	0.85%	\$10 million
	Next \$50 million	0.75%	
	Balance	0.65%	
Small-Cap Core	First \$50 million	0.85%	\$10 million
	Next \$50 million	0.75%	
	Balance	0.65%	
Small-Cap Value	First \$50 million	0.85%	\$10 million
	Next \$50 million	0.75%	
	Balance	0.65%	
Small-Cap Growth	First \$25 million	1.00%	\$5 million
	Next \$25 million	0.85%	
	Balance	0.75%	
Balanced	First \$25 million	0.60%	\$10 million
	Balance	0.50%	

Commingled Funds

Rothschild Asset Management offers the following proprietary commingled funds to investors who qualify to invest:

Fund Name	Investment Strategy	Benchmark	Initial Funding
Rothschild Small-Cap Trust	Small-Cap Core	Russell 2000	May 28, 1997
Rothschild Small-Mid Cap Fund LLC	Small/Mid-Cap Core	Russell 2500	August 1, 2003
Rothschild Large-Cap Core Fund, LLC	Large-Cap Core	S&P 500	April 1, 2011
Rothschild Large-Cap Value Fund, LLC	Large-Cap Value	Russell 1000 Value	July 31, 2009

The fees we charge for providing investment advisory services to the funds, and the fund investment minimums, are set forth below:

Fund Name	Annual Fee Rate	Minimum
Rothschild Small-Cap Trust and Rothschild Small-Mid Cap Fund LLC	Each fund is charged a set annual fee of 1.00% of the assets under management. Fees are calculated monthly on the basis of each member's capital account balance and are paid quarterly in arrears.	\$5 million
Rothschild Large-Cap Core Fund, LLC and Rothschild Large-Cap Value Fund, LLC	Although fees may be negotiated individually with each member, the standard annual fee rate is 1.00% based on the assets in a member's capital account balance. Fees are calculated monthly and paid quarterly in arrears. Fees are paid directly to Rothschild Asset Management and are not deducted from the member's capital account.	\$5 million

In addition to acting as investment advisor to the funds, Rothschild Asset Management also acts as the Managing Member with respect to the Rothschild Small-Mid Cap Fund, L.L.C., Rothschild Large-Cap Value Fund, LLC, and Rothschild Large-Cap Core Fund, LLC, for which we do not receive an additional fee.

Wrap Accounts

Rothschild Asset Management's investment advisory services are also available through various "wrap fee" programs sponsored by financial services companies or offered by financial advisers whose programs are hosted by a wrap platform provider.

A client in a wrap program typically receives professional investment management of account assets through one or more investment managers participating in the program. Clients in a wrap fee program usually pay a single, all-inclusive (or "wrap") fee charged by the sponsor based on the value of the client's account assets for asset management, and trade execution, custody, performance monitoring, and reporting through the sponsor. The sponsor and/or financial adviser typically assist

the client in defining the client's investment objectives based on information provided by the client, aids in the selection of one or more investment managers to manage the client's account, and periodically contacts the client to ascertain whether there have been any changes in the client's financial circumstances or objectives that warrant a change in the management of the client's assets.

The sponsor in turn typically pays Rothschild Asset Management a portion of the wrap fee based on client assets invested in the applicable strategy or strategies that we manage in the wrap program. Fees are generally based on the average monthly balances at the end of each month and may be paid in advance or in arrears as agreed to between the sponsor and Rothschild Asset Management. In certain cases, the applicable fee rate paid by the sponsor is based on the total assets managed by Rothschild Asset Management in the sponsor's wrap program rather than on a per-account basis.

A wrap program client may be able to obtain some or all of the services available through a particular wrap program on an "unbundled" basis through the sponsor of that program or through other firms. Depending on the circumstances, the aggregate of any separately-paid fees may be lower (or higher) than the wrap fee charged in the wrap program.

Rothschild Asset Management provides model portfolios to certain plan sponsors, who use them as a basis for trades that they execute in the accounts of their clients. We do not maintain a standard fee schedule for such services. Actual fees are individually negotiated and vary due to particular circumstances, including differing levels of servicing.

Other Fees and Expenses

When holding cash-equivalent funds, accounts may be charged fund management fees and other fund expenses which are in addition to the fee paid to Rothschild Asset Management or to the wrap program sponsor, as the case may be. Such fees are disclosed in the prospectus or offering document for each such fund. In no case will these funds be affiliated with Rothschild Asset Management. Rothschild Asset Management does not receive any portion of any fees, commissions, costs, and expenses incurred by an investment in a cash-equivalent fund.

From time to time, when we believe it is in the best interests of our clients, cash may be invested in certain ETFs, as permitted by account guidelines. The adviser to an ETF typically receives a fee that is paid by the ETF. These fees and other expenses of the ETF are in addition to the fee paid to Rothschild Asset Management or to the wrap program sponsor, as the case may be. In no case will these ETFs be affiliated with Rothschild Asset Management. Rothschild Asset Management does not receive any portion of any fees, commissions, costs, and expenses incurred by an investment in an ETF.

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

Rothschild Asset Management receives performance-based fees from certain accounts. We also manage certain accounts that charge different fees on a side-by-side basis. This could create potential conflicts when making trade allocation and trade order decisions. Accordingly, Rothschild Asset Management has implemented trade allocation and trade order rotation procedures designed to treat client accounts fairly and equitably over time. *(Please see "Item 12 – Brokerage Practices" for more information.)*

Performance-Based Fees

In some cases, Rothschild Asset Management has entered into performance fee arrangements with “qualified clients,” as that term is defined in Rule 205-3 under the Investment Advisers Act of 1940 (“Advisers Act”). Such fees are subject to individualized negotiation with each such client. Rothschild Asset Management will structure 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 referenced above that is set forth in Rule 205-3.

The management fee for these accounts consists of two parts: 1) a base fee component, which is not tied to performance, and 2) a performance fee component, based on performance that exceeds the relevant account benchmark. In measuring clients' assets for the calculation of performance-based fees, Rothschild Asset Management includes realized and unrealized capital gains and losses.

Rothschild Asset Management may have both performance-based fee accounts and asset based-fee accounts within a particular investment strategy. Performance-based fee arrangements could create an incentive for a manager to recommend investments that are riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements could also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. We believe that we effectively mitigate this potential conflict of interest by using batched trades, whenever possible, to execute orders for multiple accounts in a strategy, by using trade order rotation when orders for certain accounts cannot be combined in a single trade, and by implementing compliance policies and procedures that are designed to treat all clients fairly and equally.

Side-By-Side Management

Investment teams and individual portfolio managers may manage multiple accounts, including separate accounts, commingled funds, and wrap accounts, using the same or a similar investment strategy (i.e., side-by-side management). The simultaneous management of these different investment products could create certain conflicts of interest as the fees for the management of certain types of products are higher than others. We also manage accounts in which Rothschild Asset Management and/or its personnel have an interest. Rothschild Asset Management has an affirmative duty to treat all accounts fairly and equitably over time and maintains policies and has implemented policies and procedures designed to comply with that duty.

Although Rothschild Asset Management manages numerous accounts with similar or identical investment objectives, or may manage accounts with different objectives that trade in the same securities, the investment decisions relating to these accounts, and the performance resulting from such decisions, may differ from account to account. For example, different client guidelines and restrictions may result in different investment decisions between accounts. In addition, we will not necessarily purchase or sell the same securities at the same time or in the same proportionate amounts for all eligible accounts if certain accounts have materially different amounts of investable cash or liquidity needs. Other factors that may result in different investment decisions include client-directed brokerage arrangements, soft dollar restrictions, and the sponsor-mandated execution of trades through specified broker-dealers in connection with certain wrap programs, all of which limit Rothschild Asset Management's brokerage discretion.

Item 7 – Types of Clients

Rothschild Asset Management provides investment advisory services to a broad range of clients, including corporate pension plans and profit-sharing plans, public pension funds (e.g., state and municipal government entities), Taft-Hartley plans, healthcare organizations, endowments, foundations, high-net-worth investors, sub-advised accounts, other pooled investment vehicles, and retail investors in various wrap fee programs. We also provide non-discretionary investment advice to various wrap unified managed account programs.

Conditions for Managing Accounts

Our minimum investment size varies by investment strategy and investment vehicle. In determining minimum investment sizes, we consider the minimum amount required to establish a diversified portfolio.

Generally, in the case of institutional separate accounts, we require each client to execute an investment management agreement that details the nature of the discretionary investment advisory authority given to Rothschild Asset Management. Account minimums range from \$5 million to \$10 million, depending on the selected investment strategy, although we may accept smaller investments at our discretion.

As a general rule, Rothschild Asset Management requires a minimum account size of \$5 million for investment in any of its proprietary commingled funds, which minimums may be waived or modified at our discretion.

In the case of wrap programs for which we provide management services, account minimums are generally established by the program sponsor. Rothschild Asset Management has the discretion to decline an account if the assets intended to be allocated to us for management are insufficient to implement our investment strategy in an effective manner.

(Please see “Item 4 – Advisory Business, Customizations” for more information.)

Required Client Information

We require prospective investors in our commingled funds to provide certain information and/or records necessary to determine whether they meet the qualifications to invest in a fund. We may also require customer identification information to perform reviews required by the Office of Foreign Assets Control to safeguard against money laundering and other national security concerns.

Our wrap clients are directed to us by wrap sponsors and financial advisors, who typically assist clients in defining their investment objectives, based on information provided by the clients, and aid in the selection of one or more investment managers to manage the clients’ accounts. Wrap sponsors provide copies of certain client information to Rothschild Asset Management. However, Rothschild Asset Management is not responsible for determining the suitability of investments directed to us for management.

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

Equity Strategy Overview

At Rothschild Asset Management, we believe the best investment opportunities occur in stocks that are attractively valued with improving business prospects because investors in such stocks can benefit both from rising expectations and from expanding valuations. We attempt to avoid both cheap stocks that we believe have no catalyst for outperformance and momentum stocks that lack valuation support.

We believe that a combination of quantitative and fundamental research is the best way to identify attractive stocks. Our ranking system gives us a time-tested, objective tool for identifying stocks that are likely to outperform or underperform, based on known, quantifiable data on factors such as price-to-cash-flow and revisions to earnings estimates. The weightings of these factors are based on a statistical analysis of their historical ability to predict relative performance. The ranking system gauges the relative attractiveness of every stock in our selection universe in a systematic manner. Fundamental research conducted by our investment professionals complements the ranking system by considering factors that are not quantifiable. In analyzing a stock, we review the company's financial statements and news releases, as well as third-party research reports, to develop an informed opinion on its business prospects and an understanding of potential risks. We also compare a company to its peers on industry-appropriate valuation measures, risk characteristics and growth potential to form a fundamental opinion on its attractiveness.

Finally, we believe in controlling risk by constructing well-diversified portfolios. Our strength is in stock selection, so our goal is to maximize exposure to attractive stocks while controlling exposure to other factors that influence relative performance. To aid in monitoring and controlling risk factors, we use a proprietary risk model, as well as two third-party risk models.

More detailed information about specific equity strategies is set forth below.

Large-Cap Core

The investable universe for Rothschild Asset Management's Large-Cap Core strategy includes all stocks in the Russell 1000 Index and others that are among the largest 1,000 U.S. stocks by market capitalization, that are included in the S&P 500 Index, or that are already held in portfolios. The strategy's objective is to outperform the S&P 500 Index by focusing on stocks that are attractively valued with improving prospects.

Large-Cap Value

The investable universe for Rothschild Asset Management's Large-Cap Value strategy includes all stocks in the Russell 1000 Value Index and others that are among the largest 1,000 U.S. stocks by market capitalization, that are included in the S&P 500 Index, or that are already held in portfolios. The strategy's objective is to outperform the Russell 1000 Value Index by focusing on stocks that are attractively valued with improving prospects.

Large-Cap 130/30

The investable universe for Rothschild Asset Management's Large-Cap 130/30 strategy includes all stocks in the Russell 1000 Index and others that are among the largest 1,000 U.S. stocks by market capitalization, that are included in the S&P 500 Index, or that are already held in portfolios. The strategy's objective is to outperform the Russell 1000 Index by allowing limited shorting and using moderate leverage. The strategy seeks higher risk-adjusted returns by using a disciplined stock-selection and portfolio construction process that buys stocks expected to outperform the benchmark, while selling short stocks that are expected to underperform.

Mid-Cap Core

The investable universe for Rothschild Asset Management's Mid-Cap Core strategy includes all stocks in the Russell Mid Cap Index and others that have a market capitalization within the range of the Russell Mid Cap Index or that are already held in portfolios. The strategy's objective is to outperform the Russell Mid Cap Index by focusing on stocks that are attractively valued with improving prospects.

Mid-Cap Value

The investable universe for Rothschild Asset Management's Mid-Cap Value strategy includes all stocks in the Russell Mid Cap Value Index and others that have a market capitalization within the range of the market capitalization of the Russell Mid Cap Value Index or that are already held in portfolios. The strategy's objective is to outperform the Russell Mid Cap Value Index by focusing on stocks that are attractively valued with improving prospects.

Small/Mid-Cap Core

The investable universe for Rothschild Asset Management's Small/Mid-Cap strategy includes all stocks in the Russell 2500 Index and others whose market capitalizations are appropriate for a small/mid-cap mandate or that are already held in portfolios. The strategy's objective is to outperform the Russell 2500 Index by focusing on stocks that are attractively valued with improving prospects.

Small/Mid-Cap Value

The investable universe for Rothschild Asset Management's Small/Mid-Cap Value strategy includes all stocks in the Russell 2500 Value Index and others whose market capitalizations are appropriate for a small/mid-cap mandate or that are already held in portfolios. The strategy's objective is to outperform the Russell 2500 Value Index by focusing on stocks that are attractively valued with improving prospects.

Small-Cap Core

The investable universe for Rothschild Asset Management's Small-Cap Core strategy includes all stocks in the Russell 2000 Index and others whose market capitalizations are appropriate for a small-cap mandate or that are already held in portfolios. The strategy's objective is to outperform the Russell 2000 Index by focusing on stocks that are attractively valued with improving prospects.

Small-Cap Value

The investable universe for Rothschild Asset Management's Small-Cap Value strategy includes all stocks in the Russell 2000 Value Index and others whose market capitalizations are appropriate for a small-cap mandate or that are already held in portfolios. The strategy's objective is to outperform the Russell 2000 Value Index by focusing on stocks that are attractively valued with improving prospects.

Small-Cap Growth

The investable universe for Rothschild Asset Management's Small-Cap Growth strategy includes all stocks in the Russell 2000 Growth Index and others whose market capitalizations or style (based on stock price correlation to the index) are appropriate for a small-cap growth mandate or that are already held in portfolios. The strategy's objective is to outperform the Russell 2000 Growth Index by focusing on stocks that are attractively valued with improving prospects.

Fixed Income Strategy Overview

Rothschild Asset Management invests in U.S. Treasury and agency securities and U.S. dollar-denominated investment grade bonds, including corporate and municipal bonds (as applicable) for taxable and tax-exempt fixed income portfolios and for balanced portfolios. We invest primarily in securities whose underlying issuer rating from at least one of the two major rating agencies (Moody's and Standard & Poor's) is "A" or better.

The objective of our fixed income strategies is to provide total return by investing in high-quality bonds with attractive risk/return characteristics. For taxable clients, we seek to maximize current after-tax income. Securities are considered for inclusion in the portfolio based upon credit quality, maturity structure and their valuation. The selection of the target duration is determined by our views on the direction and level of interest rates.

Balanced

Rothschild Asset Management's Balanced strategy seeks to provide both capital appreciation and income, by investing in a portfolio of both equity and fixed-income securities. We offer Balanced account clients a customized blend of our Large-Cap Core strategy and either our Taxable or Tax-Exempt Fixed-Income strategy. See above for a description of our Large-Cap Core strategy.

Below is a description of our Taxable and Tax-Exempt Fixed Income strategies, which can be selected as a primary investment strategy or as a component of a balanced account. The Taxable and Tax-Exempt Fixed Income strategies are offered in certain wrap programs exclusively.

Taxable Fixed Income

Rothschild Asset Management's Taxable Fixed Income strategy uses a broad universe of U.S. Treasury, agency, and investment-grade corporate bonds. Bonds purchased for the portfolios typically have maturities of 3 months to 10 years. The strategy seeks to outperform the Barclays

Capital U.S. Intermediate Government/Credit Index by managing the overall duration and credit quality of the portfolios and by purchasing taxable securities at attractive prices.

Tax-Exempt Fixed Income

Rothschild Asset Management's Tax-Exempt Fixed Income strategy invests in a broad universe of tax-exempt securities of U.S.-based bond issuers. Certain portfolios may also invest in U.S. Treasury, agency, and investment-grade corporate bonds, as specified in client guidelines. Portfolios are normally weighted toward general obligation and essential-service municipal bonds. The remainder of the holdings is usually backed by revenue streams from established, high-quality, transportation, higher-education, and other types of tax revenues. Bonds purchased for the portfolios typically have maturities of 3 months to 15 years. The strategy seeks to outperform the Barclays Capital 1-10 Year Municipal Blend Index by managing the overall duration and credit quality of the portfolios, and by purchasing tax-exempt securities at attractive prices.

Risk Considerations

All of the strategies listed above are speculative and have an inherent risk of loss due to investing in marketable securities like stocks and bonds. Investing in securities involves risk of loss that clients should be prepared to bear. No guarantee, assurance or representation is made that any strategy will achieve its investment objective. To mitigate risk, clients should determine whether their entire investment portfolio is properly diversified and that their overall asset allocation is appropriate. Certain risk considerations are discussed in greater detail below.

Securities Risks in General. Investments in securities generally involve a significant degree of risk. Price changes can be volatile and market movements are difficult to predict. The value of an individual security or particular type of security can be more volatile than, and can perform differently from, the market as a whole. The success of any investment strategy depends on Rothschild Asset Management's ability to identify, select, and realize investments consistent with an investment strategy's objective.

Liquidity Risk. Liquidity risk exists when particular investments are difficult to sell. Although most of the securities in which we invest are generally liquid at the time of investment, they may become illiquid after purchase, such as during periods of market turmoil. Illiquid securities may make it more difficult to value a portfolio, especially in changing markets. If a portfolio is forced to sell illiquid investments to meet redemptions or for other cash needs, the portfolio may suffer a loss.

Securities of small-cap companies may not be traded in volumes typical of securities of larger companies. Because small-cap companies normally have fewer shares outstanding than larger companies, it may be more difficult to buy and sell significant amounts of small-cap company shares without an unfavorable impact on prevailing market prices. Thus the securities of small-cap companies are generally less liquid, and subject to more abrupt or erratic market movements than those of larger companies.

Economic Conditions. Changes in economic conditions such as interest rates, inflation rates, industry conditions, competition, technological developments, political and diplomatic events and trends, war, tax laws and innumerable other factors can substantially and adversely affect the business and prospects of portfolio performance. None of these conditions is within the control of

Rothschild Asset Management. The profitability of a portfolio depends to a great extent on correct assessments of the future course of price movements of securities and other investments. There can be no assurance that Rothschild Asset Management will be able to accurately predict these price movements. The securities markets have in recent years been characterized by great volatility and unpredictability. With respect to the investment strategies utilized by Rothschild Asset Management, there is always a significant degree of market risk.

Suspensions of Trading. A public exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for Rothschild Asset Management to liquidate portfolio positions which would thereby be exposed to potential losses. In addition, there is no guarantee that over-the-counter markets, which trade fixed-income securities, will remain liquid enough for the close out of positions.

Financial Difficulties of Institutions and Custodians. There is a possibility that institutions, including brokerage firms, banks, and sponsors with which we do business, or to which securities have been entrusted for custodial purposes, will encounter financial difficulties that may impair operational capabilities.

Other Activities of Rothschild and Potential Conflicts of Interest. Rothschild Asset Management's directors, officers and employees who perform services for client portfolios may also perform similar or different services for others and, accordingly, may have conflicts in allocating time, services and functions among the portfolios for which they provide services. In addition, subject to Rothschild Asset Management's approval, they may be permitted to engage in other investment-related activities similar to or different than the investment activities engaged in by the firm.

There is no specific limit as to the number of accounts that may be managed or advised by Rothschild Asset Management. In connection with its trading activities on behalf of portfolios, we may receive compensation for the management of certain portfolios which exceeds that which is received from other portfolios. In such event, Rothschild Asset Management may have an incentive to favor such other portfolios.

The performance of a portfolio could also be adversely affected by the manner in which particular orders are entered or trades are allocated for all such other portfolios. In addition, clients should be aware that Rothschild Asset Management has developed, and will continue to develop, strategies in which the advice given or action taken for some client accounts may differ from the advice given or action taken with respect to other client accounts.

Dependence on Key Individuals. Management of portfolios is dependent on the experience and expertise of Rothschild Asset Management's investment team. In the event of death, disability, or departure of any such persons, Rothschild Asset Management's business could be adversely affected.

Competition for Investments and Other Strategy Risks. Although Rothschild Asset Management believes that many investment opportunities exist and will develop which will be suitable for portfolios under our management in connection with seeking to achieve our investment objectives, a number of other investors have similar objectives and may seek many of the same investment opportunities. Although Rothschild Asset Management believes its equity investment approach is distinctive, the identification of attractive investment opportunities is nevertheless

difficult, competitive, and involves a high degree of uncertainty and there can be no assurance that sufficiently attractive investment opportunities will be found to achieve the investment objectives. It is possible that the total capitalization of certain investment strategies may become too large to deploy satisfactorily. Limits for our investment strategies are set based on the trading volume and market capitalization of the market segments in which we invest. Capacity limits are subject to change because they are indexed to the market and are reviewed regularly by members of our investment management team. Small-cap strategies have the highest risk in this regard relative to other strategies.

Small and mid-capitalization companies may be subject to greater operational risk relative to larger, well-established companies due to the fact that they may have less management depth, limited financial resources, smaller revenues, narrower product lines, fewer customers, and greater sensitivity to economic cycles. Additionally, the risk of bankruptcy or insolvency of many small and medium capitalization companies, with the attendant losses to investors, may be higher than for larger companies.

In connection with fixed income and balanced portfolios, it may be more difficult for us to obtain certain bonds, especially certain municipal bonds, or to obtain certain bonds at an attractive price relative to larger fixed income managers.

Risks Related to Short Selling. Rothschild Asset Management's Large-Cap 130/30 strategy engages in short selling which can, in some circumstances, substantially increase the impact of adverse price movements. A short sale is a sale of a security that the portfolio does not own. In order to deliver the security to the purchaser, a purchaser borrows the security, typically from a broker/dealer or a custodian. The portfolio later closes out the position by returning the security to the lender. If the price of the security sold short increases, the portfolio would incur loss; conversely, if the price declines, the portfolio would realize a gain. Although the gain is limited by the price at which the security was sold short, the loss is potentially unlimited. A portfolio's use of short sales may not be successful and may result in greater losses or lower positive returns than if a portfolio held only long positions. A portfolio may be unable to close out a short position at an acceptable price, and may have to sell related long positions at disadvantageous times to produce cash to unwind the short position. In addition, short selling involves higher transaction costs than typical long-only investing.

IPO Risk. An insufficient amount of securities may be available for purchase in an initial public offering ("IPO") to allocate across all accounts that may invest in such securities. Currently, our Small-Cap Growth is the only strategy in which Rothschild Asset Management would consider purchase of IPOs.

Portfolio Turnover. Portfolios are actively managed and, under appropriate circumstances, may purchase and sell securities without regard to the length of time held. A high portfolio turnover rate may have a negative impact on performance by increasing transaction costs and may generate greater tax liabilities for clients with taxable accounts.

Reliance Upon Quantitative Tools. In making investment decisions, we rely in part upon the application of quantitative tools developed by Rothschild Asset Management in determining which stocks to buy and sell. In addition, we use proprietary and third-party models to monitor and control risk in our portfolios. Although we have had success with this approach in the past for

other investment accounts under our management, such past success does not ensure that this approach will be a successful one for other portfolios or successful in the future.

Risks of stock investing. Stocks generally fluctuate more in value than bonds and may decline significantly over short time periods. There is a chance that stock prices overall will decline because stock markets tend to move in cycles, with periods of rising prices and falling prices. The market value of a stock may decline due to general market conditions that are not related to the particular company, such as real or perceived adverse economic conditions, changes in the outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. A security's market value also may decline because of factors that affect a particular industry, such as labor shortages or increased production costs and competitive conditions within an industry, or factors that affect a particular company, such as management performance, financial leverage, and reduced demand for the company's products or services.

Fixed Income Investment Risks. Fixed income investments are subject to various risks including:

- Interest rate risk – Prices of bonds tend to move inversely with changes in interest rates. Typically, a rise in interest rates will adversely affect bond prices. The longer a bond's maturity, the greater the interest rate risk.
- Credit risk – This is a risk that an issuer of debt securities or other fixed income obligations will not make timely interest or principal payments on securities when due, or that a bond's price will fall because of an actual or perceived decline in credit quality.
- Call risk – This is a risk that the issuer of a bond may call, or redeem, bonds before their maturity date. If an issuer "calls" its bond during a time of declining interest rates, investors in the bond might have to reinvest the proceeds in an investment offering a lower yield, and therefore might not benefit from any increase in value as a result of declining interest rates.
- Liquidity risk - When there is little or no active trading market for specific types of securities, it can become more difficult to sell the securities at or near their perceived value. In such a market, the value of such securities may fall, even during periods of declining interest rates.
- Floating and variable rate securities - There is a risk that the current interest rate on floating and variable rate instruments may not accurately reflect existing market interest rates.
- Government securities risk - Not all obligations of the U.S. government, its agencies, and instrumentalities are backed by the full faith and credit of the U.S. Treasury. Some obligations are backed only by the credit of the issuing agency or instrumentality, and in some cases there may be some risk of default by the issuer. Any guarantee by the U.S. government or its agencies or instrumentalities does not apply to the market value of such security. A security backed by the U.S. Treasury or the full faith and credit of the United States is guaranteed only as to the timely payment of interest and principal when held to maturity. In addition, because many types of U.S. government securities trade actively outside the United States, their prices may rise and fall as changes in global economic conditions affect the demand for these securities.

- **Municipal bond market risk** - The amount of public information available about municipal bonds is generally less than that for corporate equities or bonds. Special factors, such as legislative changes, and state and local economic and business developments, may adversely affect the yield and/or value of an investment in municipal bonds. Other factors include the general conditions of the municipal bond market, the size of the particular offering, the maturity of the obligation, and the rating of the issue.
- **Tax risk** – To be tax-exempt, municipal bonds generally must meet certain regulatory requirements. If any such municipal bond fails to meet these regulatory requirements, the interest received by investors from their investment in such bonds will be taxable.

Absence of Commingled Fund Regulatory Oversight. Rothschild Asset Management’s proprietary commingled funds are not registered as investment companies, which would subject them to extensive regulation by the SEC under the Investment Company Act of 1940 (“Investment Company Act”). Thus, except for certain anti-fraud protections, fund members will not be accorded the protection provided by such statute.

Cash-Equivalent Funds. Generally speaking, cash-equivalent funds seek current income, a stable net asset value per share, and daily liquidity. The net asset value per share of such funds can change in value when interest rates or an issuer’s creditworthiness change dramatically. There can be no guarantee that a cash-equivalent fund will always be able to maintain a stable net asset value per share.

Investments in ETFs. From time to time, certain accounts may invest in equity-based ETFs. ETFs are investment companies that are registered under the Investment Company Act, typically as open-end funds or unit investment trusts. Unlike most mutual funds, an ETF has the flexibility of trading intra-day. Because ETF shares trade intra-day, the market determines prices and investors can buy or sell shares at any time that the markets are open. Equity-based ETFs are subject to risks similar to those of individual equity securities, as described above.

Item 9 – Disciplinary Information

As a registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of us or the integrity of our management. There are no legal or disciplinary events relating to Rothschild Asset Management.

Item 10 – Other Financial Industry Activities and Affiliations

Rothschild Asset Management is a business unit of the Rothschild Group, a global financial services organization that was founded in the 18th century by members of the Rothschild family and is still family-controlled. The Rothschild Group’s U.S. operations were established in 1947 to advise the Rothschild family with respect to its U.S. interests.

Rothschild Asset Management is a wholly-owned subsidiary of Rothschild North America Inc., a holding company established in 1987 with ultimate control by the Rothschild family. Rothschild Asset Management’s affiliates Rothschild Inc. and Rothschild (Canada) Securities Inc. are also wholly-owned subsidiaries of Rothschild North America Inc. Rothschild Inc. is a broker/dealer

registered with the SEC and the financial industry regulatory authority that focuses on investment banking activities. Rothschild (Canada) Securities Inc. is registered with the Ontario Securities Commission and the Commission des Valeurs Mobilières du Québec and also focuses on investment banking.

Rothschild Inc. does not trade or hold customer or proprietary accounts. Rothschild Asset Management does not execute any of its client account transactions through Rothschild Inc. Certain of Rothschild Asset Management's employees are registered representatives of Rothschild Inc. for purposes of offering interests in the proprietary commingled funds and to engage in other sales activity concerning Rothschild Asset Management's business. Interests in the commingled funds are offered directly by Rothschild Inc. No selling commissions are paid to Rothschild Inc. by fund members on the purchase of interests.

Rothschild Asset Management is not registered, nor does it have an application pending to register, as a broker/dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of one of the foregoing types of entities.

Item 11 – Code of Ethics

General

Rothschild Asset Management has adopted a Code of Ethics and Compliance Manual ("Code") that applies to all employees. The Code describes the high standard of business conduct and fiduciary duty Rothschild Asset Management owes to its clients and expects of employees. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, personal securities trading procedures, approval procedures to seek authorization to engage in outside business activities or financial interests, and a policy concerning political contributions, among other things. All employees must acknowledge the terms of the Code at least annually, or as amended.

Prohibition on Insider Trading

Rothschild Asset Management's insider trading policy prohibits the use of material, non-public information and imposes restrictions on the trading of securities on the "Restricted List." Securities on the Restricted List cannot be traded for employee or employee-related accounts or firm-owned accounts. With respect to client accounts, the issuers named on the Restricted List are coded as "prohibited" in the various trading and compliance monitoring systems used by Rothschild Asset Management, although Restricted List securities may be traded in client accounts with approval from the Legal and Compliance Department.

Personal Trading and Trading by Affiliated Accounts

Rothschild Asset Management anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which Rothschild Asset Management has management authority to effect the purchase or sale of securities in which Rothschild Asset Management and/or employees, directly or indirectly, have a position of interest ("Affiliated Accounts"). Certain employees of the firm are members of certain proprietary commingled funds

managed by Rothschild Asset Management. In addition, Rothschild Asset Management has certain firm-owned accounts.

Rothschild Asset Management's employees and certain persons associated with employees or with Rothschild Asset Management are required to follow Rothschild Asset Management's Code. Subject to satisfying this policy and applicable laws, officers, directors, and employees of Rothschild Asset Management may trade for their own accounts in securities which are purchased for Rothschild Asset Management's clients. The Code is designed to assure that the personal securities transactions, activities and interests of the employees of Rothschild Asset Management 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. Under the Code, certain classes of securities have been designated as exempt transactions based upon a determination that these would materially not interfere with the best interest of Rothschild Asset Management's clients. In addition, the Code requires pre-clearance of many types of transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code 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, and to reasonably prevent conflicts of interest between Rothschild Asset Management and its clients.

Certain Affiliated Accounts may trade in the same securities with client accounts on an aggregated basis when consistent with Rothschild Asset Management's obligation to seek best execution. In such circumstances, the Affiliated Accounts and client accounts will share commission costs pro rata and receive securities at a total average price. Rothschild Asset Management will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis, when practicable. Any exceptions will be documented.

Requests for Rothschild Asset Management's Code of Ethics

Rothschild Asset Management's clients or prospective clients may request a copy of the firm's Code by contacting:

By mail: Rothschild Asset Management Inc.
1251 Avenue of the Americas, 44th Floor
New York, NY 10020
Attention: Compliance Department

By phone: (212) 403-5460

By email: raminc@rothschild.com

No Principal or Agency Cross Transactions

It is Rothschild Asset Management's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Rothschild Asset Management will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an

adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Rothschild Asset Management does not trade securities through any affiliated broker/dealer.

Item 12 – Brokerage Practices

Generally, and as described in Item 16, Rothschild Asset Management is retained on a discretionary basis and is authorized to determine and direct execution of transactions within the client's specified investment objectives. Some clients limit Rothschild Asset Management's authority in terms of the selection of broker/dealers in favor of their own brokerage arrangements. Rothschild Asset Management has a fiduciary duty to seek best execution and to allocate trades fairly and equitably among clients over time.

Brokerage Relationships and Selection Criteria for Broker/Dealers

Rothschild Asset Management has adopted policies and procedures regarding the best execution of trades for client accounts. Generally, Rothschild Asset Management places client orders in listed and over-the-counter securities by routing such orders to the institutional desks of selected brokers, Electronic Communications Networks, and Alternative Trading Systems, including algorithmic trading systems, and crossing networks.

Rothschild Asset Management's objective in selecting brokers and in placing trades is to seek to obtain a total cost or proceeds in each transaction which is the most favorable for the client under the circumstances. The best net price, giving effect to brokerage commissions, spreads, and other costs (as applicable) is an important factor in this decision, but a number of other judgmental factors are considered as they are deemed relevant under the circumstances. These factors include the full range and quality of a broker's services in placing trades, including the following, as applicable:

- ability to find liquidity in the market while also minimizing market impact
- ability to accurately communicate the nature of the market in a particular security
- ability to obtain timely execution and deliver timely execution reports
- the size and volume of the broker's order flow
- efficiency and accuracy of clearance settlement, a history of low trade errors, and the willingness to correct mistakes
- ability to handle difficult trades, including block trades and odd-lot trades
- responsiveness to Rothschild Asset Management's orders
- recognition of the importance in retaining anonymity of Rothschild Asset Management in making trades
- accommodation of special needs, including the broker's willingness to step-out transactions
- reliability, reputation, integrity, and financial condition

- research and other services provided to Rothschild Asset Management that are expected to enhance Rothschild Asset Management's general portfolio management capabilities
- the frequency and amount of price improvement

Brokerage firms must submit their financial statements for review prior to being added to Rothschild Asset Management's Approved Broker List, and annually thereafter. Under certain circumstances, if Rothschild Asset Management believes that it is in the client's best interest, Rothschild Asset Management may select a broker not on the Approved Broker List for a specific trade, subject to internal approval in accordance with Rothschild Asset Management's policies and procedures.

Rothschild Asset Management has implemented a series of internal controls and procedures to address the conflicts of interest associated with its brokerage practices. To determine that it is receiving best execution for its transactions over time, Rothschild Asset Management will periodically obtain information as to the general level of commission rates being charged by the brokerage community and will periodically evaluate the overall reasonableness of brokerage commissions paid on client transactions by reference to such data. To the extent Rothschild Asset Management has been paying higher commission rates for its transactions, Rothschild Asset Management will determine if the quality of execution and the services provided by the broker/dealer justify these higher commissions. Rothschild Asset Management may remove a broker/dealer from the list of firms approved for trading. In addition, based in part on this best execution analysis, Rothschild Asset Management seeks to establish target allocations by broker/dealer on an annual basis. In addition, Rothschild Asset Management reviews a quarterly trade cost analysis to consider the effectiveness of our trading process. A third-party service provider provides relative analysis of Rothschild Asset Management's trading activity versus similar market activity in the same timeframe. Rothschild Asset Management's Investment Committee reviews the analysis and discusses any trends noted on a quarterly basis. The Investment Committee also reviews activity in the accounts, including portfolio turnover.

Directed Brokerage Arrangements

Rothschild Asset Management ordinarily exercises discretionary authority over a client's account, including the selection of brokers used to execute transactions. In certain circumstances, Rothschild Asset Management will accept instructions from clients to execute all or a percentage of trades through specific brokers (each such arrangement, a "Directed Brokerage Arrangement"). Since, in some cases, Rothschild Asset Management has not negotiated the commission rate and may not be able to obtain volume discounts in such cases, the commission rate charged by the directed broker may be higher than what Rothschild Asset Management could receive from another broker/dealer. In addition, the client may be unable to obtain the most favorable price on transactions executed by Rothschild Asset Management as a result of our inability to aggregate the trades from this account with other client trades. In some situations, Rothschild Asset Management may not execute a client's securities transactions with its directed broker until non-directed brokerage orders are completed. Since the price of securities may be affected by the time an order is placed, the execution of the purchase and sale through a Directed Brokerage Arrangement (other than a "step-out") may not be as favorable as the price received when the order is "batched" with other clients. Accordingly, clients who direct commissions to specified broker/dealers may not generate returns equal to clients that do not direct commissions. Clients who direct brokerage should understand

that similar brokerage services may be obtained from other broker/dealers at lower costs and possibly with more favorable execution.

Directed Brokerage Arrangements generally fall into three categories:

- Trades relating to certain Directed Brokerage Arrangements that can be filled through “step-outs.” Stepped-out trades are aggregated or batched with non-directed orders for other institutional separate accounts and commingled funds managed by Rothschild Asset Management in similar strategies. The broker executing the trade agrees to clear and settle the orders for clients with such Directed Brokerage Arrangements through the “directed” broker.
- Another type of Directed Brokerage Arrangement involves institutional separate accounts that direct 100% of their trades to a broker.
- A third type of Directed Brokerage Arrangement relates to wrap accounts. In such cases, the wrap sponsor, or a broker designated by the wrap sponsor, executes trades for the program. Under the economic arrangements of the program, clients typically pay a single fee, which includes the cost for professional management, commissions, custody and accounting-related and other services. Consequently, these orders are executed after orders are placed under the other above two categories.

Step-Outs

Rothschild Asset Management may use “step-out trades” when we determine that it may facilitate better execution for certain client trades. Step-out trades are transactions which are placed at one broker/dealer and then “stepped out” by that broker/dealer to another broker/dealer for credit. Step-out trades may benefit the client by finding a natural buyer or seller of a particular security so that Rothschild Asset Management can trade a larger block of shares more efficiently. Unless directed otherwise by the client, Rothschild Asset Management may use step-out trades for any client account.

Rothschild Asset Management may use step-out trades to accommodate a client’s directed brokerage mandate. In the case of directed brokerage accounts, trades are often executed through a particular broker/dealer and then “stepped-out” to the directed brokerage firm for credit. In circumstances where Rothschild Asset Management has followed the client’s instructions to direct brokerage, there can be no assurance that Rothschild Asset Management will be able to step-out the trades or, if it is able to step-out the trades, that it will be able to obtain more favorable execution than if it had not stepped-out the trades.

Step-out trades may also be used by Rothschild Asset Management in order to generate soft dollar credits, provided that Rothschild Asset Management has determined that such transactions are consistent with the principles of best execution and applicable regulations.

“Soft Dollar” Policy

In accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended, Rothschild Asset Management may pay higher commissions to brokerage firms that provide investment research products and services than to firms which do not provide such services. The use of client brokerage to obtain such investment research products and services in addition to execution services is referred to as “soft dollars.” Rothschild Asset Management’s decision to pay such commissions is based on its good faith determination that the commission is reasonable in relation to the value of the brokerage and/or research provided by the broker to Rothschild Asset Management.

Rothschild Asset Management believes that the research received is, in the aggregate, of assistance to Rothschild Asset Management in fulfilling its overall responsibilities to its clients. As a general matter, such research is used to service all of Rothschild Asset Management’s accounts. However, each and every research product or service may not be used to service each and every account managed by Rothschild Asset Management, and brokerage commissions paid by one account may apply towards payment for research products and services that may not be used in the service of that account.

Rothschild Asset Management receives research products and services from unaffiliated brokers under soft dollar arrangements that include proprietary as well as third-party research. The receipt of investment research is an integral supplement to Rothschild Asset Management’s own research and analysis and allows Rothschild Asset Management to obtain the views and information of individuals and research staffs of other firms who have special expertise on certain companies, industries, areas of the economy or market factors. Research products and services also include analyst contact, access to earnings and other financial databases, benchmark information, and analytical software.

By way of example, the primary research services Rothschild Asset Management purchased last year using soft dollars are:

- Institutional Brokers Estimate System – a service that provides earnings estimates for U.S. companies;
- FactSet – an online database that provides financial and market information, and analytic tools and access to investment research; and
- Compustat – a database that provides fundamental information for securities and market data.

Soft dollars were also used to purchase services used in the investment-decision process through Standard & Poor’s, Thomson One Analytics, Frank Russell Investments, and Northfield Information Services.

From time to time, certain clients may request that Rothschild Asset Management not generate soft dollar credits on trades executed for their accounts. While Rothschild Asset Management may accommodate such requests in its discretion, trades for these clients generally do not experience lower transaction costs. In addition, the trading process for these clients may be adversely affected in other ways, including that the client may not participate in aggregated orders with clients that have not made such a request, therefore preventing the client from receiving the price and execution

benefits of the aggregated order. In addition, and as with other directed or customized brokerage arrangements, the positions of these accounts in trade ordering and trade rotation may be impacted. Rothschild Asset Management reserves the right to reject or limit client requests of this type, and clients may be charged a premium for such arrangements.

Rothschild Asset Management has adopted policies and procedures relating to the review of best execution and soft dollar commissions. Periodically, Rothschild Asset Management's Trade Management Oversight Committee reviews trade management practices, including soft dollar arrangements, current commission rates, transaction analysis reports, and broker selection generally. They also review the various sources of research products and services to determine which brokers provide the most useful information. A list of these brokers is provided to Rothschild Asset Management's traders as guidance to help determine brokerage allocation. Broker usage versus targets is reviewed periodically, but all orders are placed on a best-execution basis, regardless of the rankings of the various research firms. Rothschild Asset Management has also instituted internal controls to monitor compliance with its trading practices on a day-to-day basis. In addition, Rothschild Asset Management's Investment Committee, which meets quarterly to review all accounts by strategy type, reviews soft dollar use versus targets as well as other investment and trading practices.

Order Aggregation ("Batching") and Allocation

Rothschild Asset Management may purchase or sell the same securities for a number of client accounts simultaneously. These Affiliated Accounts will include institutional separate accounts and commingled funds managed by the Rothschild Asset Management in which we or our employees have a financial interest. When possible, orders for the same security are aggregated or "batched" to facilitate best execution and to avoid favoring one client over another participating client, including any Affiliated Account. Nevertheless, the result of this allocation policy is that certain accounts pursuing the same strategy may not participate equally in each order. It is Rothschild Asset Management's policy, however, that allocation decisions are made in a manner that treats all accounts fairly and equitably over time.

Any orders placed for execution on an aggregated basis are subject to Rothschild Asset Management's order aggregation and allocation policy and procedures, as summarized below:

- The portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account. Generally, all accounts within a particular investment strategy are managed to have similar weightings in securities, subject to client-imposed restrictions and limitations.
- The portfolio manager must reasonably believe that the order aggregation will benefit each client participating in the aggregated order, and will enable Rothschild Asset Management to seek best execution for the accounts. This requires a reasonable good faith judgment at the time the order is placed for execution, and such determinations may appear different upon subsequent review.

- It is possible that transactions for a client's account may not be aggregated for execution if (i) the account has a Directed Brokerage Arrangement, or (ii) batching is inconsistent with that client's investment management agreement or with Rothschild Asset Management's order allocation policy. Trades that cannot be combined will generally be entered on a first-come, first-served basis, and the earlier-placed order will be completed before entering the later one. We may, however, execute a small order before the completion of a larger order when we believe that doing so will not impact to the market.
- If the order cannot be executed in full at the same price or time, securities purchased or sold in a batched transaction are allocated pro rata, when possible, to the participating client accounts in proportion to the size of the order placed for each account. Rothschild Asset Management may, however, increase or decrease the amount of securities allocated to each account to limit the number of immaterial allocations in order to reduce unnecessary custodial costs. Additionally, if Rothschild Asset Management is unable to fully execute a batched transaction and determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro rata basis for other reasons, Rothschild Asset Management may allocate such securities in a manner it determines in good faith to be a fair allocation.
- Certain accounts may have special requirements that require an additional review of the account prior to entering an order, such as tax considerations or purchase and sale restrictions. In addition, some wrap programs may have limitations on the time of day when orders can be entered. Since orders for accounts under either of the above circumstances may be placed later than aggregated orders for other clients, the execution that is obtained for such orders may not be as favorable as the price received with respect to the earlier orders.

Order Rotation for Institutional Separate Accounts and Wrap Accounts

Rothschild Asset Management has established the following order rotation policy:

- First, orders for non-directed accounts and Directed Brokerage Arrangements which can be accommodated through "step-outs".
- Second, orders for Directed Brokerage Arrangements which cannot be "stepped-out" and accounts that are 100% directed.
- Third, orders for wrap fee program accounts.

If an order cannot be executed in one batch, a trade order rotation is maintained such that the accounts that were sent first for one order will be sent last for the next order.

Generally, if one strategy has an existing order which has not been completed, and another strategy submits an order in the opposite direction, the second order will not be acted upon until the previous order has been filled.

Rothschild Asset Management may allow two orders to compete with each other in the marketplace when we believe this would not increase transaction costs for both groups of clients. In addition, when securities are purchased to invest new accounts or sold to liquidate an account, we are willing to undertake simultaneous transactions for accounts.

Rothschild Asset Management's Small-Cap Growth strategy is permitted to invest in securities offered in an IPO. The limited number of shares that are sometimes offered in an IPO means that we may not always be able to buy the desired number of shares to meaningfully allocate securities among accounts that may purchase such securities. Currently, only one account is managed in this strategy.

Investors having accounts in a wrap program that has limitations on the time of day when orders can be entered should be aware that orders for these accounts may be entered after other orders for the same securities have been executed on behalf of other accounts and will not be aggregated with such orders. The execution that is obtained for such orders may not be as favorable as the price received with respect to the earlier orders.

Order Handling for Accounts in Which Rothschild Asset Management and/or its Employees Have a Beneficial Interest

Rothschild Asset Management has and may from time to time establish accounts in which Rothschild Asset Management and/or its employees have a beneficial interest. Such Affiliated Accounts may purchase and sell securities either before, after, or at the same time the same securities are purchased and sold for client accounts, subject to the requirement that such transactions are not based on information that gives any Affiliated Account an advantage over a client account. In addition, one Affiliated Account is permitted to engage in the short sale of securities in furtherance of its investment strategy. The following procedures are specific to Affiliated Accounts:

- If orders for the same security trading in the same direction as client accounts are placed with the same broker at the same time, trades for the Affiliated Accounts may be batched and allocated in accordance with the procedures set forth under "Order Aggregation ("Batching") and Allocation" above.
- Prior to an Affiliated Account being permitted to short sell a security, it will be determined whether the security is held in any representative client account (each, a "Representative Account"). If a security is held in a Representative Account, the order to short sell the security will not be permitted. However, if a security is held in a client account solely at the direction of the client, the Affiliated Account may be permitted to sell the security short if approved in advance by Rothschild Asset Management's Chief Executive Officer or his designee and/or the Chief Compliance Officer.
- Affiliated Accounts are prohibited from trading in anticipation of trades for client accounts. Specifically, Affiliated Accounts are prohibited from: (i) covering (buying) existing short positions in anticipation of other Rothschild Asset Management strategies initiating a long position; and (ii) establishing short positions (selling short) stocks in anticipation of other Rothschild Asset Management strategies liquidating their existing long positions.

- From time to time, Affiliated Accounts may establish short positions (reflecting negative relative expectations) on stocks that are owned by Representative Accounts, but whose position size represents an underweight position relative to a benchmark (also reflecting negative relative expectations). For example, an allocation of 0.25% in Large Cap Core portfolios of a specific stock, currently about 1% of the S&P 500 Index, represents an underweight position of 0.75%. In this example, although Rothschild Asset Management might have a negative relative view on such specific stock, Rothschild Asset Management may decide to hold an underweight position in client accounts, rather than no position at all, for risk management purposes. Similarly, Affiliated Accounts can express negative expectations for such specific stock by holding short positions on the stock.

Trade Errors

Rothschild Asset Management has established Trade Error correction procedures which provide for resolution of transactional errors. Once discovered, transaction errors are expected to be reported internally as soon as possible.

It is Rothschild Asset Management's policy to resolve any error identified in a client account in a manner that avoids harm to the client account. In the event a trade error results in a gain, the client's account will receive the proceeds of the gain if the trade error was corrected post-settlement of the securities involved in the trade error. To offset trade error losses, Rothschild Asset Management will retain trade error gains where the error is detected and corrected pre-settlement provided there is no harm to the client account(s) involved in the trade error.

Rothschild Asset Management prohibits the use of soft dollars to resolve trade errors.

Item 13 – Review of Accounts

Internal Reviews

Rothschild Asset Management's portfolio management teams are responsible for the regular review of account assets under their supervision. The number of reviewers and accounts assigned to each varies depending on the nature of the product, service, or strategy.

Accounts are reviewed on a daily basis, as dictated by market and investment considerations, by the portfolio managers having responsibility for the account. Portfolio managers consider account performance, risk characteristics, and client restrictions.

Members of the investment management teams are responsible for reviewing whether all investments and trades have complied with client and internal guidelines. As part of this process, portfolio managers are required to prepare an in-depth review for members of Rothschild Asset Management's Investment Committee on numerous aspects of the portfolios relative to applicable benchmarks and other portfolios within the investment strategy, including fundamental characteristics of holdings, risk exposures, and dispersion. Rothschild Asset Management's Investment Committee is comprised of senior investment officers. Investment Committee meetings are normally attended by the Chief Compliance Officer.

Rothschild Asset Management's investment analysts are typically responsible for tracking a variety of companies and/or industries or sectors and making recommendations for accounts. Industry and sector information is discussed at a weekly meeting of the investment team.

Account performance information is reviewed daily by investment team members. The reports used for these reviews, as well as other weekly and monthly performance reports, are widely disseminated and reviewed on a less formal basis by other personnel. Account and composite information is reviewed formally at a quarterly meeting attended by investment team members, sales and marketing staff, and the Chief Compliance Officer.

Client accounts are tested as part of an automated daily process for adherence to internal investment guidelines and many of the client-mandated or contractual guidelines, as well as regulatory requirements.

Rothschild Asset Management performs a monthly reconciliation of institutional separate account assets and commingled fund assets against the records of the account custodians. Rothschild Asset Management also performs an automated daily account reconciliation of certain institutional separate accounts to facilitate the monthly reconciliation for those accounts where custodians have the technological capability to access the reconciliation system that is used.

Wrap sponsors are responsible for reconciliation of wrap accounts.

Reports to Clients

Institutional Separate Accounts

Client statements, including portfolio appraisal reports exhibiting securities positions, their cost, market value, and estimated income and asset value, are provided to clients quarterly except for those clients who have requested such reports on a monthly basis.

Commingled Funds

Commingled fund members receive monthly reports with information on beginning and ending period market, cash activity, gains and losses, performance, and fees relating to their interest in the fund. These statements are prepared and distributed by the funds' custodian.

Fund financial statements are prepared annually in accordance with generally accepted accounting principles and are certified by an independent public accountant registered with the Public Company Accounting Oversight Board. Statements are furnished to members within 120 days following the close of the funds' fiscal year.

Wrap Accounts

Statements are typically provided to wrap clients by the program sponsor or the client's financial adviser.

Item 14 – Client Referrals and Other Compensation

Except as otherwise noted below, we do not receive an economic benefit from any parties other than the investment management fees our clients provide for management of their portfolios.

Relationships with Consultants

Many of our institutional separate account clients and prospective clients retain investment consultants to advise them on the selection and review of investment managers. Rothschild Asset Management may have certain accounts that were introduced to us through consultants. These consultants or their affiliates may, in the ordinary course of their investment consulting business, recommend Rothschild Asset Management's investment advisory services, or otherwise place Rothschild Asset Management into searches or other selection processes for a particular client.

Rothschild Asset Management has extensive dealings with investment consultants in the consultants' role as adviser for their clients. Rothschild Asset Management also provides information on our investment styles to consultants, who use that information in connection with searches they conduct for their clients. Rothschild Asset Management may also respond to "Requests for Proposals" from prospective clients in connection with those searches.

Clients obtained from these consultants may instruct Rothschild Asset Management to direct some or all of their brokerage transactions to a particular broker with whom they have a relationship. In addition, Rothschild Asset Management may, from time to time, purchase software applications, access to databases, and other products or services from certain consultants.

Rothschild Asset Management purchases performance measurement software from Callan Associates and index/benchmark information from Frank Russell Investments. Rothschild Asset Management may periodically pay to attend conferences sponsored by consultant firms.

Relationship with Rothschild Inc.

Certain of Rothschild Asset Management's employees are registered representatives of Rothschild Inc., a broker/dealer affiliate of the firm. Interests in Rothschild Asset Management's proprietary commingled funds are offered directly by Rothschild Inc. No selling commissions are paid to Rothschild Inc. by fund members on the purchase of interests.

Compensation from Affiliates

Rothschild Asset Management may from time to time receive compensation from certain affiliates in connection with our activities to help market their investment strategies.

Relationships with Solicitors

Rothschild Asset Management does not use any third party solicitors.

Item 15 – Custody

With respect to our commingled funds and certain separate account arrangements, we are considered to have custody of our clients' funds and securities. Other than inadvertently or in connection with certain class action filing activities we may take on behalf of our clients, we do not maintain physical custody of our clients' assets. Physical custody is provided by the custodians of the commingled funds and the accounts.

Clients should receive statements at least quarterly from the broker/dealer, bank or other qualified custodian that holds and maintains client's investment assets. Fund members receive account statements from the funds' custodian on a monthly basis. Rothschild Asset Management urges clients to carefully review such statements and compare such official custodial records to the account statements that we may provide to them. Our statements may vary from custodial statements based on differences in accounting procedures, reporting dates, or valuation methodologies of certain securities.

For separate accounts, where we have been authorized by the client to deduct advisory fees directly from its account, if any, we are considered to have custody of the accounts funds and securities. Where we have obtained this authorization, we will request the client's custodian to provide the client with quarterly account statements.

Item 16 – Investment Discretion

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

Except for directed brokerage arrangements, we generally have complete discretion in managing accounts with respect to buying and selling securities and choosing the brokers with which to transact as well as the transaction price and commission rates, subject to investment guidelines and applicable law. However, in the case of certain wrap programs, the sponsor, rather than Rothschild Asset Management, is responsible for executing trades and selecting brokers. Likewise, where Rothschild Asset Management provides model portfolios to certain plan sponsors who use them as a basis for trades that they execute in the accounts of their clients, the sponsors are responsible for selecting brokers.

Institutional Separate Accounts

When selecting securities and determining amounts, Rothschild Asset Management observes the investment policies, limitations and restrictions of the clients for which it advises. Any investment guidelines and restrictions must be provided to Rothschild Asset Management in writing. In addition to investment guideline restrictions, we prefer that the investment management agreement also state the following arrangements:

- Proxy voting – Whether or not the client has delegated to us the voting of proxy ballots for the securities held in their portfolios, and whether such proxies should be voted in accordance with our Proxy Voting Guidelines or other considerations.
- Restricted securities – Certain clients provide us with a list of securities that are prohibited for purchase and/or sale in their portfolios. We restrict the applicable securities in our investment systems to prevent transactions in such securities for accounts that provide restricted lists.
- Socially responsible investing – We use data from a third-party service provider that identifies companies that do not meet certain socially-responsible criteria. We restrict transactions based on this data or on specific lists of companies provided by our clients.
- Class-action lawsuits related to portfolio securities – From time to time, securities held in the accounts of clients will be the subject of class action lawsuits. As a general matter, Rothschild Asset Management has no obligation to determine if securities held by a client are subject to a pending or resolved class action lawsuit. We also have no general duty to evaluate a client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, we have no responsibility to initiate litigation to recover damages on behalf of clients who may have been injured as a result of actions, omissions, misconduct, or negligence by a corporate management of issuers whose securities are held by clients. Generally speaking, where Rothschild Asset Management receives notice of a class action lawsuit, settlement, or verdict affecting securities owned by a client, unless instructed otherwise, we will use reasonable efforts to forward all notices, proof of claim forms, and other materials to the client's custodian, including by way of electronic mail. We may retain a service provider to assist with all or any of this process.
- Cash-Equivalent Vehicles – Unless agreed to otherwise, selection of cash-equivalent vehicles is the responsibility of the client in conjunction with the custodian. If Rothschild Asset Management is requested to select the fund, the authority to do so should be outlined in writing from the client.

Commingled Funds

We manage our proprietary commingled funds according to the guidelines stated in each fund's offering memorandum. Fund members are not permitted to impose their own investment guidelines or restrictions. Participation in a commingled fund requires execution of a Subscription Document and in some cases a fee agreement.

Wrap Accounts

Subject to applicable terms in their agreements with the sponsors of their programs, clients in wrap accounts may specify requirements relating to proxy voting and restricted securities, including social restrictions. (Please see the description of these services in the section above relating to institutional separate accounts.)

Item 17 – Voting Client Securities

Rothschild Asset Management votes proxies for its clients, unless instructed otherwise. Rothschild Asset Management has developed Proxy Voting Guidelines which are designed to comply with both SEC Rule 206(4)-6 under the Investment Advisers Act of 1940 and the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

Our policy is to vote proxies in the best interest of clients. The Proxy Voting Guidelines are intended to assist in the execution of proxies and voting instructions in a consistent manner. They are, however, merely guidelines, and adherence to our policy of voting in the best interest of clients may require different responses in some instances. For example, votes on behalf of a client who provides Rothschild Asset Management with proxy voting instructions may result in votes which differ from our vote on behalf of clients who do not provide proxy voting instructions. In addition, Rothschild Asset Management will consider whether a particular proxy raises a material conflict of interest for us to exercise voting discretion. As a general rule, material conflicts between clients will be resolved as follows:

- Where Rothschild Asset Management votes proxies on behalf of the account of a corporation or a pension plan sponsored by a corporation in which clients of Rothschild Asset Management also own stock, Rothschild Asset Management will vote the proxy for its clients in accordance with the Proxy Voting Guidelines and the proxy for the corporation or pension plan, as directed.
- Where Rothschild Asset Management votes proxies on behalf of a Taft-Hartley Plan, it will vote proxies for such accounts as directed by the plan, if given, and if instructions are not given, proxies will be voted in accordance with the Proxy Voting Guidelines.
- Proxies for proprietary commingled funds managed by Rothschild Asset Management will be voted in accordance with the Proxy Voting Guidelines in the best interest of the funds without regard to the interests of any specific member or prospective member.
- If an employee of Rothschild Asset Management or one of its affiliates is on the Board of Directors of a company that is the issuer of a security held in client accounts, Rothschild Asset Management will vote in accordance with the Proxy Voting Guidelines.

In addition, Rothschild Asset Management has created a Corporate Governance Committee to address specific situations and material conflicts and to periodically review and revise its Proxy Voting Guidelines. The Corporate Governance Committee may recommend that Rothschild Asset Management’s Proxy Chairman authorize, on a case-by-case basis, a vote which may differ from the Proxy Voting Guidelines.

Rothschild Asset Management also recognizes that some matters may be presented to shareholders in a combined form, in which the Proxy Voting Guidelines would call for inconsistent votes. We will vote on such combined proposals on a case-by-case basis and in a manner that is consistent with the goal of protecting, preserving and maximizing the long-term interests of clients but will honor, to the extent given, client instructions.

In those cases which do not fit within the general rules set forth in the Proxy Voting Guidelines, the material conflict and/or specific situation will be resolved by the Proxy Chairman together with the Chief Compliance Officer and, if appropriate, the proxy will be discussed with outside counsel.

Clients may obtain a copy of Rothschild Asset Management's complete Proxy Voting Guidelines upon request. Clients may also obtain information from Rothschild Asset Management about how we voted any proxies on behalf of their account(s).

Item 18 – Financial Information

Rothschild Asset Management 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.

ROTHSCHILD ASSET MANAGEMENT INC.

PRIVACY POLICY

FACTS	WHAT DOES ROTHSCHILD ASSET MANAGEMENT INC. DO WITH YOUR PERSONAL INFORMATION?
Why?	Financial companies choose how they share your personal information. Federal law gives customers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include your:</p> <ul style="list-style-type: none"> ■ Social security number ■ Employment information ■ Account balances ■ Income ■ Assets ■ Transaction history <p>When you are <i>no longer</i> our customer, we may continue to share your information as described in this notice.</p>
How?	All financial companies need to share customer personal information to run their everyday business. In the section below, we list the reasons financial companies may share customer personal information, the reasons Rothschild shares your personal information, and whether you can limit this sharing.

Reasons companies share personal information	Does Rothschild share?	Can you limit this sharing?
For our everyday business purposes – such as to process your transactions, maintain your account(s), or respond to court orders and legal investigations	YES	NO
For our marketing purposes – to offer our products and services to you	YES	NO
For joint marketing with other financial companies	NO	WE DON'T SHARE
For our affiliates' everyday business purposes – information about your transactions and experiences	NO	WE DON'T SHARE
For our affiliates' everyday business purposes – information about your creditworthiness	NO	WE DON'T SHARE
For nonaffiliates to market to you	NO	WE DON'T SHARE

Questions?	Call (212) 403-5460
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What we do	
How does Rothschild protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards, secured files, and limited physical access to our offices.
How does Rothschild collect my personal information?	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> ■ Enter into an investment advisory contract ■ Give us your income information ■ Make deposits/withdrawals ■ Open an account ■ Give us your contact information
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> ■ sharing for affiliates' everyday business purposes—information about your creditworthiness ■ affiliates from using your information to market to you ■ sharing for nonaffiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing.</p>
Definitions	
Nonaffiliates	Companies not related by common ownership or control. They can be financial and nonfinancial companies.
Joint marketing	A formal agreement between nonaffiliated financial companies that together market financial products or services to you.

GLOSSARY

As used in this Brochure, these terms have the following meanings.

“130/30 Strategy” refers to the use of financial leverage by shorting stocks expected to underperform and purchasing shares that are expected to outperform. A 130/30 ratio implies shorting stocks up to 30% of the portfolio value and using the funds to take long positions in the stocks the investor feels will outperform the market.

“Advisers Act” means the Investment Advisers Act of 1940, as amended.

“Affiliated Accounts” includes accounts over which Rothschild Asset Management has management authority to effect the purchase or sale of securities in which Rothschild Asset Management and/or employees, directly or indirectly, have a position of interest.

“American Depositary Receipt” (“ADR”) means a security that trades in the United States but represents a specified number of shares in a foreign corporation. ADRs are bought and sold on American markets just like regular stocks, and are issued/sponsored in the U.S. by a bank or brokerage.

“Barclays Capital 1-10 Year Municipal Blend Index” is an unmanaged sub-set of the Municipal Index which covers the U.S. investment-grade tax-exempt bond market, with a remaining maturity from 1 up to (but not including) 12 years.

“Barclays Capital U.S. Intermediate Government/Credit Bond Index” is an unmanaged sub-set of the U.S. Government/Credit Index that includes U.S. Treasuries, government-related issues, and investment grade U.S. corporate securities with remaining maturities of 1 up to (but not including) 10 years.

“Basis Point” is a unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01%.

“Block Trade” generally means 10,000 shares of stock or \$200,000 worth of bonds.

“Cash-Equivalents” means highly liquid, relatively safe investments that can be easily converted into cash, such as Treasury Bills and money market funds.

“Code” means Rothschild Asset Management’s Code of Ethics and Compliance Manual.

“Corporate Governance Committee” refers to Rothschild Asset Management’s committee that addresses specific situations and material conflicts relating to the voting of proxies and is responsible for periodically reviewing the firm’s Proxy Voting Guidelines.

“Custody” means holding, directly or indirectly, client funds or securities, or having any authority to obtain possession of them.

“Directed Brokerage Arrangement” means an arrangement where a client directs that all or a percentage of trades be executed through specific brokers.

“Discretionary Authority” or “Discretionary Basis” means Rothschild Asset Management’s authority to decide which securities to purchase and sell for the client.

“Duration” means the time-weighted average of expected cash flows from a fixed-income investment, as expressed in a number of years. The longer a security’s duration, the greater its responsiveness to changes in interest rates.

“ETF” or “Exchange Traded Fund” means an investment fund traded on stock exchanges, much like stocks. An ETF holds assets such as stocks, commodities, or bonds, and normally trades close to its net asset value over the course of the trading day. Most ETFs track an index, such as the S&P 500.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“IPO” or “initial public offering” means the first sale of stock by a private company to the public. IPOs are often issued by smaller, younger companies seeking the capital to expand, but can also be done by large privately owned companies looking to become publicly traded.

“Liquidity” means the ability to convert assets into cash or cash-equivalents without significant loss. Investments in money market funds and listed stocks are considered liquid investments. (See **“Cash-Equivalents”** above).

“Macroeconomic Exposures” means exposure to the overall aspects and workings of a national economy including, but not limited to, income, output and the interrelationship among diverse economic sectors.

“Market Capitalization” is a way of measuring the size of a company by multiplying the current stock price by the number of outstanding shares.

“Market Sensitivity” means a security’s responsiveness to the market’s fluctuations.

“Market Value” means the price of a security or portfolio.

“Momentum Stocks” are stocks that have outperformed the stock market significantly in recent months.

“Odd-Lot” means any securities transaction in a block of fewer than 100 shares or 100 bonds.

“Order Aggregation” (Batching) means the purchase or sale of the same securities for a number of client accounts simultaneously to facilitate best execution and to reduce brokerage commissions or other costs.

“Performance-Based Fee” is an investment advisory fee based on the performance of an account relative to its benchmark.

“Proxy Voting Guidelines” refers to Rothschild Asset Management’s policies and procedures for voting proxies on behalf of the clients for which Rothschild Asset Management has voting discretion.

“Public Company Accounting Oversight Board” means a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports.

“Quantitative Research” means the statistical analysis of security returns to identify factors that have influenced performance in the past. The result of this research may be a stock selection model such as a ranking system that is designed to forecast future relative performance. Quantitative research is also used to develop risk models that are based on factors that have been associated with volatility in the past.

“Representative Account” means a client account representative of a particular strategy managed by Rothschild Asset Management.

“SEC” means the Securities and Exchange Commission.

“Section 28(e) of the Securities Exchange Act of 1934” means a safe harbor to advisers exercising “investment discretion” over accounts. To avail itself of the safe harbor the adviser must make a good faith determination that the amount of commission paid is reasonable in relation to the value of the brokerage and research services provided by the broker dealer, viewed in terms of the particular transaction or the adviser’s overall responsibilities to its discretionary account.

“Short Sale” means the sale of a borrowed security, commodity or currency with the expectation that the asset will fall in value. A short position is a reflection of negative relative expectations.

“Side-by-Side Management” occurs when investment teams and individual portfolio managers manage multiple accounts, including separate accounts, commingled funds, and wrap accounts, and/or proprietary accounts using the same or a similar investment strategy. In some cases, the different fee amounts paid by the various types of accounts could present certain conflicts of interest as it may provide an incentive to favor higher-paying or proprietary accounts over other accounts.

“Sponsor” a broker-dealer or other financial services company who hosts bundled-fee (wrap) account programs. A sponsor of a wrap fee program typically organizes and administers the program, including selecting the managers that are offered in the program. The sponsor also provides advice to clients concerning asset allocation and manager selection, among other things.

“Step-Out” means a transaction placed at one broker dealer and then “given up” or “stepped out” by that broker dealer to another broker dealer for credit. This may benefit the client by finding a natural buyer or seller of a particular security and enable a larger block of shares to be traded more efficiently.

“Taft-Hartley Plan” – is a type of retirement plan for union employees.

“Wrap Fee” is a bundled fee a client pays to the sponsor of a wrap program for administration, custody, asset management, trade execution, and performance monitoring and reporting.

“Wrap Program” an investment program sponsored by certain broker-dealers or other financial services companies that provides administration, custody, asset management, trade execution, and performance monitoring and reporting for a single, all-inclusive (“wrap”) fee.