

Item 1 – Cover Page

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March 30, 2011

This Brochure provides information about the qualifications and business practices of GLOBALBRIDGE INC., (“GLOBALBRIDGE”). If you have any questions about the contents of this Brochure, please contact us at 612-746-5850 and/or [www.GLOBALBRIDGE.com](http://www.GLOBALBRIDGE.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

GLOBALBRIDGE is a registered investment adviser. Registration of an Investment 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 an Adviser.

Additional information about GLOBALBRIDGE also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2 – Material Changes

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 30, 2011 is a new document prepared according to the SEC’s new requirements and rules. As such, this Document is materially different in structure and requires certain new information that our previous brochure 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, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

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

Currently, our Brochure may be requested by contacting Mary R. McMahon, Chief Compliance Officer at 612-746-5852 or [mrm@globalbridge.com](mailto:mrm@globalbridge.com). Our Brochure is also available on our web site [www.globalbridge.com](http://www.globalbridge.com), also free of charge.

Additional information about GLOBALBRIDGE is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with GLOBALBRIDGE who are registered, or are required to be registered, as investment adviser representatives of GLOBALBRIDGE.

### Item 3 -Table of Contents

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

#### **Item 4 – Advisory Business**

GLOBALBRIDGE Advisors, Inc. ("GLOBALBRIDGE") is a unified managed account (UMA) company that provides discretionary investment advisory services to its clients. This means that GLOBALBRIDGE buys, sells and otherwise effects transactions in stocks, bonds and other securities or assets without consulting the client and without the client's prior consent other than through an investment management agreement. The primary investment management product of GLOBALBRIDGE is the "GLOBALBRIDGE Integrated UMA" program which is offered to high net-worth individuals and institutional clients of financial advisors and financial institutions (collectively referred to as Financial Advisors) and on a selective basis directly to high net-worth individuals and institutional clients.

Under the GLOBALBRIDGE Integrated UMA, clients choose one or more model portfolios to be used by GLOBALBRIDGE in managing the client's account and specify the amount to be managed using each model portfolio. GLOBALBRIDGE constructs client's portfolios based on model portfolios recommended to GLOBALBRIDGE by Model Portfolio Vendors who have agreed to participate in the program. A client's portfolio may be adjusted based on specific investment policies, guidelines, tax liabilities and investment restrictions which are communicated to GLOBALBRIDGE by the client's Financial Advisor. In some cases, GLOBALBRIDGE may also engage subadvisors for portions of the client's portfolio.

GLOBALBRIDGE may also recommend certain Model Portfolio Vendors to a Financial Advisor if requested to do so by the Financial Advisor.

GLOBALBRIDGE may use the services of a financial institution for distribution purposes and also as a Model Portfolio Vendor ("Dual Relationship"). This creates a potential conflict of interest. In no circumstances will GLOBALBRIDGE recommend a Model Portfolio Vendor to a client because such vendor also provides distribution services to the firm. Any time a client or prospective client is considering using a Model Portfolio Vendor with whom GLOBALBRIDGE has a Dual Relationship; such clients are informed of this relationship.

Clients participating in the GLOBALBRIDGE Integrated UMA program enter into an investment advisory relationship with GLOBALBRIDGE, not with the Model Portfolio Vendors. Modifications, terminations or additions of one or more model portfolios may be made after giving 10 day written notice to GLOBALBRIDGE based on the client's specific investment policies, guidelines, tax liabilities and investment decisions.

As of December 31, 2011, GLOBALBRIDGE manages \$349,000,000 of client assets on a discretionary basis.

## **Item 5 – Fees and Compensation**

GLOBALBRIDGE's Integrated UMA program is designed for investors seeking a separate account structure, price and quality similar to that of institutional accounts. Clients' assets are custodied with a bank or broker custodian, and trades are executed through multiple institutional brokers offering best execution.

The fee paid by clients generally range from 30 bps to 100 bps per year. Clients with assets in which there is limited active management due to the level and type of restrictions they place on the assets may pay a fee ranging from 10 bps to 100 bps. Fees are calculated and payable monthly, in arrears, based on the average of a client's beginning market value and the ending market value for the preceding month. Under no circumstances will a fee be paid in advance of services rendered.

If an account is opened or terminated during a month, the client pays a pro-rated fee based on the period of time during the month that the account was opened. GLOBALBRIDGE reserves the right to charge a pro-rata fee upon any material addition of assets to the account during a month.

GLOBALBRIDGE will instruct the custodian to electronically deduct from the client's account any and all fees and expenses when due provided such clients have given GLOBALBRIDGE written permission. If not, GLOBALBRIDGE will issue an invoice. If the client does not have sufficient cash to cover the fees, GLOBALBRIDGE will cause, on or after the due date of the fees, the sale of securities or the redemption of shares of mutual funds in the account.

Discounted fees may be negotiated on an individual basis and will be determined based on the level and type of services to be delivered. Factors that may influence pricing of such services include, but are not limited to, asset category, frequency and type of client reporting, frequency and nature of client servicing, account value, and degree of customization of the portfolio. Clients may pay a higher or lower fee than other clients depending on considerations such as size of the account, the model portfolios selected, degree of customization required and other relevant criteria. The overall cost of the program may be more or less than if purchasing the service separately, depending on trading activity in the account and the services provided by GLOBALBRIDGE.

### **1) Program Fees**

The fees paid by clients in the program will include compensation for the advisory services provided by GLOBALBRIDGE, its subadvisors and its Model Portfolio Vendors including reporting, portfolio risk and style monitoring and performance attribution. It may include a) custody fees and b) certain financial advisory fees and services of the Financial Advisor.

#### **a) Custody Fees**

GLOBALBRIDGE has negotiated asset-based pricing with some custodians. GLOBALBRIDGE generally pays such custody expenses from its advisory fee. If a client elects to custody assets with a custodian with whom GLOBALBRIDGE has not negotiated asset-based pricing, such clients will pay their own custody expenses in addition to the advisory fee.

## **b) Financial Advisor Fees and Services**

The services provided by the Financial Advisor which might be included in the program fee charged by GLOBALBRIDGE include assistance in answering and directing inquiries regarding the GLOBALBRIDGE Integrated UMA, assistance in facilitating contributions and withdrawals from the client's GLOBALBRIDGE account and conducting periodic meetings to discuss the performance, portfolio holdings or risk profile of the client's GLOBALBRIDGE account.

The cost of services not included in the program fee will vary depending upon the Financial Advisor selected by the client and the service provided. Services not included in the program fee charged by GLOBALBRIDGE may include advisory services related to the client's financial situation; the client's investment objectives, policies, guidelines and restrictions; asset allocation strategies; college planning; estate planning; retirement planning (including retirement distribution analysis); tax planning; comprehensive investment planning; cash flow analysis; risk management planning and other similar services.

Certain Financial Advisors include their advisory fee in the program fee, in which case the client's account is deducted directly each month by their custodian. Under other circumstances, the Financial Advisor's advisory fee is billed to the client by the Financial Advisor on a periodic basis separate from the program fee. In all cases it is the responsibility of the Financial Advisor to disclose the fee to the client. Any additional fees charged by the Financial Advisor, as part of a broader, fiduciary relationship, will be billed by the Financial Advisor and remitted to GLOBALBRIDGE. In such cases, the fee calculations and practices described above may not apply.

## **2) Client Servicing and Referral Fees**

From time to time, GLOBALBRIDGE may enter into a Financial Advisor Participation Agreement or a Client Service & Referral Agreement ("Agreements") that provides for cash compensation to Financial Advisors who secure new investment advisory clients for GLOBALBRIDGE. The Agreements require the Financial Advisor to comply with the disclosure and other requirement of Rule 206(4)-3 of the Investment Advisers Act of 1940. The Agreements generally provide for compensation equal to a specified percentage of the advisory fees received by GLOBALBRIDGE from clients referred by the Financial Advisor. The specific details of any such arrangements are disclosed to the client in compliance with Rule 206(4)-3. On a selective basis, GLOBALBRIDGE may accept clients directly; minimums for a direct relationship are \$10 million, although this minimum might be waived. Clients electing to participate with GLOBALBRIDGE through a Financial Advisor, may pay a fee higher than the fee charged to a client electing to participate with GLOBALBRIDGE without a Financial Advisor depending upon the fee charged by the Financial Advisor. Those

Financial Advisors who have not entered into either a Financial Advisor Participation Agreement or a Client Service & Referral Agreement will charge a fee independent of and in addition to the program fee.

Certain Financial Advisors who elect to include their financial advisory fee in the GLOBALBRIDGE program fee, earn such fee because they are providing ongoing financial planning and advisory service to their clients.

### **3) Brokerage and Execution Fees**

Clients are required to pay any brokerage fees and execution expenses incurred in connection with the management of their account. GLOBALBRIDGE has negotiated favorable commission rates with a number of institutional brokers and dealers to minimize the negative impact of commissions on investment performance and to increase assurance of best execution of all transactions. GLOBALBRIDGE offers five portfolios called 3-D Portfolios. The fee charged for these portfolios include advisor fees, asset allocation, and brokerage commissions.

### **4) Mutual Fund Fees**

If a client elects to purchase mutual funds, fund fees are separate and distinct from GLOBALBRIDGE's program fee. Mutual funds may charge customary fees and expenses associated with investing in such funds, including redemption fees and Rule 12b-1 fees and expenses. Such fees are disclosed in each fund's prospectus. GLOBALBRIDGE may charge up to 15 bps for mutual funds.

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

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

## Item 7 – Types of Clients

GLOBALBRIDGE provides portfolio management services to banks, insurance companies, high-net-worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, private investment funds, trust programs, and other U.S. and international institutions.

To ensure that we are able to provide the level of service which our clients deserve, we have a minimum threshold of \$500,000 for new accounts although this might be waived.

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

GLOBALBRIDGE has a three-step research process. All investors should know that **investing in securities involves risk of loss that clients should be prepared to bear.**

The primary goal of our research is to provide timely, thorough and objective manager recommendations. We actively monitor manager investment and operating activities to ensure maximum transparency of portfolio assets and the underlying operations of the manager to help keep your clients' assets safe.

The primary activities of the Investment Research Group include manager research, activity monitoring, manager recommendations, asset allocation, and construction of the 3-D Portfolios. We do this with a team of 15 investment professionals from both GlobalBridge and FolioDynamix that average over 10 years of industry experience each, including CFAs, MBAs, CPAs, PhDs, and other advanced degrees.

**Level 1** research begins by screening the manager universe. We use a variety of sources to size the universe including database sources, current periodicals and news services, recommendations from other institutions and advisors, as well as the competition. The goal of screening is to identify those managers who have consistently maintained style and produced value. In making that determination, we use risk-based return measurements in addition to the raw portfolio performance.

A comprehensive review is conducted on those managers whose firm operations and product performance exceed our minimum standards. During the comprehensive review, an in-depth review and analysis of the manager and specific products is completed. This rigorous review includes a very detailed questionnaire addressing product staffing, marketing strategy, licensing, registration and legal information. Product-specific information is analyzed to determine the portfolio investment process implemented, and how portfolio construction is completed including research, and risk management



procedures. Any third party reports, including SAS-70 reports, the ADV, firm policies and other third party reports, are reviewed for consistency and alignment with the firm information that has already been reviewed. Finally, our analysts conduct comprehensive interviews of product managers and other key personnel to determine how consistent implementation of the portfolio management process is implemented.

**Level 1** research culminates with a comprehensive document called the Initial Quality Assessment. The Initial Quality Assessment documents all information received from the manager, compliance with our base criteria, and firm level information. The Initial Quality Assessment also provides the results of our product qualitative and quantitative analysis, the results and analysis from interviews with the portfolio manager and key staff, and the analyst's evaluation of the firm and product. From this evaluation, we make the determination whether we should continue our evaluation of the manager or whether the manager does not meet our stringent standards and no further evaluation is required.

**Level 2** research is conducted on those managers who have met the stringent qualification standards from the Level 1 research and review process. The Level 2 research employs proprietary analysis utilizing sophisticated analytical tools.

We utilize two key analytical tools for our Level 2 proprietary analysis: Portfolio Opportunity Distribution or POD, and Barra Performance Analyst or BPA. The POD answers the key peer-ranking questions: "Has the manager added value over the benchmark and is it significant?" while the BPA answers the key source of return and risk questions: "Where is the added value coming from and is it significant?"

The Barra Performance Analyst tool is used to determine the sources of investment performance deviation from the benchmark. Manager excess return over the benchmark are separated into four components. The market timing component measures how much return was generated through market timing – holding cash or being fully invested. The sectors and industries component determines what portion of return is attributable to over and under weights to various sectors or industries versus the benchmark. The third component is the risk indices and styles component that represents 13 factors contributing to excess returns and risk. These 13 factors will be detailed shortly. The final component, asset selection, determines how much of the excess return is generated from superior asset or security selection and measures the skill of the manager. Each of the components are tested for statistical significance, measuring both tracking error and information ratio.

Recommendation and ongoing manager monitoring is completed in our Level 3 research.

Following Level 1 and Level 2 research, analysts and our investment committee will make recommendations. For prospective managers—those managers not already on our platform—a determination is made whether the manager is approved, conditionally

approved, or not approved. Those managers who are approved for the platform will be added to ongoing monitoring by the Investment Research Group. We will continue to measure quarterly performance and firm data for those managers who are conditionally approved, but will not add them for ongoing monitoring. While non-approved managers may resurface for analysis following periodic manager screening, but no ongoing measurement or monitoring is completed. Monitoring for managers who have been approved and are on our platform is comprehensive and includes findings reports, research updates, and updates to the quarterly manager profile.

The findings reports are issued whenever a new or existing manager is reviewed. The findings report is a brief summary of the firm, products offered, and data reviewed. The report will include key rationale for approval or rejection including manager downgrades. Research updates are issued periodically based on a review of issues or problems either with a specific manager or overall market change. The research update describes issues, problems, or cause for review and provides a recommendation to each advisor on whether a change in manager should be contemplated.

As part of the ongoing monitoring for approved managers, the manager profile is updated quarterly to reflect the results of research information and latest investment performance. Changes in personnel and product information are included with each update.

Ongoing manager monitoring is designed to detect changes in three categories: people, process, and performance. Professional turnover, which often can signal a change in strategy or performance, is monitored through quarterly data gathering, periodic conference calls, and site visits. The investment process is monitored through the analysis of investment returns and regulatory filings that may highlight a business reorganization, regulatory and legal issues, or transparency issues. Utilizing proprietary analysis, we monitor investment performance to determine sources of returns and factors that may disrupt historical portfolio investment performance.

## **Item 9 – Disciplinary Information**

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

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

GLOBALBRIDGE, nor any of its affiliates, are registered as a securities broker-dealer and GLOBALBRIDGE has no other business activities.

## **Item 11 – Code of Ethics**

GLOBALBRIDGE has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at GLOBALBRIDGE must acknowledge the terms of the Code of Ethics annually, or as amended.

GLOBALBRIDGE anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which GLOBALBRIDGE has management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which GLOBALBRIDGE, its affiliates and/or clients, directly or indirectly, have a position of interest. GLOBALBRIDGE's employees and persons associated with GLOBALBRIDGE are required to follow GLOBALBRIDGE's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of GLOBALBRIDGE and its affiliates may trade for their own accounts in securities which are recommended to and/or purchased for GLOBALBRIDGE's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of GLOBALBRIDGE 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 GLOBALBRIDGE's clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between GLOBALBRIDGE and its clients.

Pursuant to Rule 17j-1(b)(1) of the 1940 Act and Rule 204A-1 of the Advisors Act, GLOBALBRIDGE has adopted a Code of Ethics "Code" which sets forth standard of business and personal conduct for principals and employees of GLOBALBRIDGE. The Code was established using the following general principals:

All employees have the duty at all times to place the interest of clients and shareholders ahead of their own personal interests in any decisions relating to their personal investments.

All personal securities transactions shall be conducted consistent with the Code and in such a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility.

Employees shall not take inappropriate advantage of their position and must avoid any situation that might compromise, or call into question, their exercise of fully independent judgment in the interest of shareholders and clients.

## **Personal Securities Transactions**

### **Pre-Clearance Requirements**

Publicly Traded Securities: Access Persons must receive prior approval of their personal investment transactions in securities from the Director of Compliance and Risk Management. Such authorization will be effective for five (5) business days.

Private Placements: Access persons must receive prior approval for any purchase of a non-publicly traded security. Such approval will take into account among other factors, whether the investment opportunity is being offered to the Access Person by virtue of his or her position with the Advisor.

### **Prohibited Purchases and Sales**

Equity Initial Public Offerings: Access Persons are prohibited from acquiring any equity security in any initial public offering. Privatizations in which a traunch has been reserved for retail investors and which no GLOBALBRIDGE clients have access are permitted. New Debt Issue Offerings: Access Persons are prohibited from acquiring a new issue offering any municipal or corporate debt security in which a client of the Advisor is also acquiring an interest. Short-Term Trading: Access Persons are prohibited from profiting from a purchase and sale or sale and purchase, of the same security within 60 calendar days. The following additional securities are exempt from this restriction:

- Stock Index Options and Futures
- Hard Commodity Options and Futures
- Options and Futures on U. S. Government Securities, Foreign Currencies, Corporate and
- Municipal Bond Indices

### **Blackout Periods**

Access Persons are prohibited from executing a personal transaction in a security at any time during which 1) such security is placed on a restricted security list or other such list as may be maintained by the Advisor, or 2) such Access Person has actual knowledge that such security is being considered for purchase or sale by Advisor.

**Exempted Securities**

- Shares of unaffiliated registered open-end investment companies (mutual funds, European funds and unit trusts);
- Securities issued by the United States Government, the UK government or any EU government;
- Short-term debt securities which are "government securities" within the meaning of Section 2(a)(16) of the 1940 Act;
- Bankers' acceptances, bank certificates of deposit, commercial paper and such other money market instruments as may be designated by the Advisor;
- Foreign currencies.

**Exempted Transactions**

- Purchases or sales of securities which are not eligible for purchase or sale by any other client of Advisor;
- Purchases or sales, which are non-volitional on the part of either the Access Person or other client of Advisor;
- Purchases which are part of an automatic dividend reinvestment plan;
- Purchases effected upon the exercise of rights issued by an issuer pro-rata to all holders of a class of its securities, to the extent such rights were acquired from such issuers, and sales of such rights so acquired;
- Purchases or sales effected in any account over which Access Person has not direct or indirect influence or control;
- Purchases and sales of corporate and municipal bond authority securities in the secondary market provided such transactions shall be subject to the prohibitions around Short Term Trading.
- Purchases and sales of World Bank and Government Public Body bonds.

GLOBALBRIDGE's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Ben Avis at [ben@globalbridge.com](mailto:ben@globalbridge.com).

**Item 12 – Brokerage Practices**

GLOBALBRIDGE retains discretionary authority with respect to client accounts to buy and sell securities, subject to investment policies, guidelines and restrictions, which may limit GLOBALBRIDGE's authority to buy or sell certain types of securities or amounts of securities. GLOBALBRIDGE effects brokerage transactions through multiple institutional brokers and dealers. GLOBALBRIDGE generally selects brokers primarily on the basis of their execution capability and trading expertise but also considers the overall quality of execution and reasonableness of brokerage commissions or other transaction costs on client transactions.

While GLOBALBRIDGE generally seeks reasonably competitive commission rates in connection with a brokerage transaction on behalf of its clients, clients will not necessarily pay the lowest commission or mark-up. GLOBALBRIDGE has the authority to open brokerage accounts on a client's behalf for execution of trades. Clients' assets will not be custodied with these brokers. For those clients who request custody at a broker or dealer, GLOBALBRIDGE will consider such request to be a directed brokerage request and will direct most, if not all, transactions to that broker.

When GLOBALBRIDGE deems the purchase or sale of a security to be in the best interest of more than one of its clients, GLOBALBRIDGE may aggregate securities trades for a client with the same block of securities being traded for other clients. Client accounts for which trades are aggregated will receive, to the extent possible, their pro rata share of the securities purchased or sold at the average execution price on the trade, which may be higher or lower than the actual price that otherwise would have been paid by the client in the absence of the aggregated trade.

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with GLOBALBRIDGE's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price. GLOBALBRIDGE 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. Any exceptions will be explained on the Order.

GLOBALBRIDGE may give consideration to the value of research and trade execution services provided by broker-dealers through which GLOBALBRIDGE effects securities transactions. GLOBALBRIDGE uses a percentage of client commissions to pay for certain research and execution services. Examples of types of services that GLOBALBRIDGE may receive include various investment research reports including manager research and due diligence, model portfolio vendor fees, statistical services, trade order entry systems, execution systems, securities pricing services, custody services, proxy voting, performance attribution and portfolio risk monitoring services, and economic and market advice. These services are designed to augment GLOBALBRIDGE's own internal research, portfolio decision, and investment strategy capabilities.

Determinations are regularly made that a given service provides lawful and appropriate assistance to the investment management process and that the cost of the service bears a reasonable relationship to the value of the research or service being provided. Although not all such services may be used by GLOBALBRIDGE in connection with each client account, GLOBALBRIDGE believes that research and trade execution services obtained by

GLOBALBRIDGE generally benefit a majority of the accounts which GLOBALBRIDGE manages as opposed to solely benefiting one specific client.

It is GLOBALBRIDGE's policy that the firm will not effect any principal or agency cross securities transactions for client accounts. GLOBALBRIDGE 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.

GLOBALBRIDGE maintains an error account with a number of brokers and dealers in which trading errors are efficiently settled and resolved without any financial impact to client accounts. In most cases, the settlement of such errors will result in a financial impact in the account in which they are settled.

### **Item 13 – Review of Accounts**

GLOBALBRIDGE utilizes a combination of technology and human resources to provide weekly review and monitoring of clients' accounts. GLOBALBRIDGE reviews portfolio dispersion on a quarterly basis.

Portfolio compliance exceptions are reviewed by GLOBALBRIDGE's Director of Compliance and Risk Management, or a qualified delegate. It is the responsibility of the Financial Advisor to perform formal account reviews at least annually or more frequently when necessitated by changes in market conditions, or when requested by the client. During this formal account review, Financial Advisors are expected to evaluate the client's investment objectives and risk tolerances; the compatibility of model portfolios or subadvisors and the client's asset allocation with each. If the client's investment objectives have changed, the Financial Advisor may recommend the reallocation of the client's assets among different model portfolios. Clients may request changes to model portfolios by giving at least 10 days written notice to GLOBALBRIDGE.

### **REVIEW OF ACCOUNT - REPORTS**

Clients receive monthly or quarterly reports delivered electronically via the GLOBALBRIDGE web site or in printed form. Reports contain a detailed performance evaluation, a list of transactions and an inventory of portfolio holdings. Other reports may be provided as requested by the client or his Financial Advisor.

GLOBALBRIDGE does not send out confirmations of trades to its clients. Clients receive monthly or quarterly statements from their custodian and GLOBALBRIDGE describing all trades, cash in and out, expenses, securities positions, etc. If a client chooses to receive confirmations of trades, they must notify their Financial Advisor or GLOBALBRIDGE.

## **Item 14 – Client Referrals and Other Compensation**

From time to time, GLOBALBRIDGE may enter into a Financial Advisor Participation Agreement or a Client Service & Referral Agreement ("Agreements") that provides for cash compensation to Financial Advisors who secure new investment advisory clients for GLOBALBRIDGE. The Agreements require the Financial Advisor to comply with the disclosure and other requirement of Rule 206(4)-3 of the Investment Advisers Act of 1940. The Agreements generally provide for compensation equal to a specified percentage of the advisory fees received by GLOBALBRIDGE from clients referred by the Financial Advisor. The specific details of any such arrangements are disclosed to the client in compliance with Rule 206(4)-3. Those Financial Advisors who have not entered into either a Financial Advisor Participation Agreement or a Client Service & Referral Agreement will charge a fee independent of and in addition to the program fee.

Certain Financial Advisors who elect to include their financial advisory fee in the GLOBALBRIDGE program fee earn such fee because they are providing ongoing financial planning and advisory service to their clients, since GLOBALBRIDGE does not offer or provide these services directly to clients.

## **Item 15 – Custody**

Clients should receive at least quarterly statements from their custodian that holds their financial assets. GLOBALBRIDGE urges its clients to carefully review their custodian statements and compare this record to the account statements that we may provide. Our statements may vary from the custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. If there is any discrepancy, we urge our clients to notify the custodian or financial advisor or both.

## **Item 16 – Investment Discretion**

GLOBALBRIDGE usually receives discretionary authority from clients at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold.

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



Investment guidelines and restrictions must be provided to GLOBALBRIDGE in writing.

## **Item 17 – Voting Client Securities**

GLOBALBRIDGE votes proxies with respect to securities held in a client's account or we delegate the right to vote proxies to a proxy voting service that will also vote such proxies according to GLOBALBRIDGE's proxy voting policies and procedures. The client may elect in writing either to receive proxy solicitations and vote proxies itself or to designate a third party to receive proxy solicitations and vote proxies on the client's behalf.

GLOBALBRIDGE will vote any proxy or other beneficial interest in an equity security prudently and solely in the best long-term economic interest of advisory clients and their beneficiaries, considering all relevant factors and without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote.

### **PROXY VOTING GUIDELINES**

#### **Routine Administrative Items**

If, on behalf of its clients, GLOBALBRIDGE is to vote on 2% or less of a company's common shares outstanding, it will vote with management on all issues, unless it becomes aware that an issue is so tightly contested that the shares to be voted could have an impact on the outcome. In that case, GLOBALBRIDGE will consult with the Model Portfolio Vendors which recommended that security for guidance on how to vote and will vote in accordance with the majority of the shares represented by those managers. If GLOBALBRIDGE is to vote 2% or more of a company's shares, it will consult with the Model Portfolio Vendors which recommended that security for guidance on how to vote on all controversial, non-routine in nature, or contested matters and will vote in accordance with the majority of the shares represented by those managers.

GLOBALBRIDGE will generally consider the following types of proposals to be non-controversial and routine in nature:

- Election of directors and related compensation issues.
- Appointment of independent auditors.
- New employee incentive plans or amendments to existing incentive plans involving the issuance of new common shares representing less than 10% of the then number of common shares outstanding.
- Stock splits and/or dividends and requests to increase the number of authorized but unissued common shares outstanding.

- A variety of proposals involving such issues as charitable contributions, cumulative voting, employment, political activities, etc. all of which are deemed to be a prerogative of management.

### **Non-Routine Items**

- Amendments to the articles of incorporation and corporate by-laws.
- Acquisition or merger related proposals.
- Any proposal related to a change in control, be it friendly or unfriendly, or any proposal designed to prevent or discourage unfriendly takeovers (i.e. poison pill proposals).
- New incentive plans or amendments to existing incentive plans that would have the potential to increase the number of the then outstanding common shares by 10% or more.
- All other controversial or non-routine proposals not specifically mentioned above.

### **Conflicts of Interest**

It is the responsibility of the Proxy Administrator, in consultation with the Investment Committee, to identify and determine the materiality of any potential conflicts between the interests of GLOBALBRIDGE and those of its clients.

Due to the size and nature of GLOBALBRIDGE's business, it is anticipated that material conflicts of interest will rarely occur. Whenever a material conflict of interest does exist, it will be addressed in one of the following ways:

1. The proxy will be voted according to the predetermined voting policy set forth hereinabove, provided that the proposal at issue is not one which the policy requires to be considered on a case- by-case basis, and provided further that exercising the predetermined policy may not result in a vote in favor of management of a Company where the conflict involved is due to the fact that GLOBALBRIDGE does business with the Company.
2. In conflict situations which cannot be addressed using the predetermined policy, guidance will be sought from GLOBALBRIDGE's Board of Directors. The proxy will be voted as directed by the Board of Directors following full disclosure of the conflict and a determination as to what vote will be in the best interest of GLOBALBRIDGE's clients.

### **Clients Requests**

Clients of GLOBALBRIDGE may obtain a record of GLOBALBRIDGE's proxy votes free of charge by calling 1-866- 746-5850 ext. 310 or by writing: GLOBALBRIDGE, Inc. 903

Washington Avenue South, Suite 100, Minneapolis, MN 55415 USA

### **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide clients with certain financial information or disclosures about GLOBALBRIDGE's financial condition.

GLOBALBRIDGE 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.