

FIRM BROCHURE
(Part 2A of Form ADV)

October 12, 2018

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Aperio Group, LLC (“Aperio”, “Aperio Group”, “we” and/or the “Company”). If you have any questions about the contents of this Brochure, please contact us at (415) 339-4300, and/or compliance@aperiogroup.com and/or www.aperiogroup.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.

Aperio Group is registered as an investment adviser with the U.S. Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Aperio Group is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 1: COVER PAGE

Please refer to the previous page.

ITEM 2: MATERIAL CHANGES

This Brochure has been revised to reflect the following updates and material changes since the last update of our brochure on August 15, 2018:

Item 4: Advisory Business— As we previously described in our update of August 15, 2018, on August 7, 2018, Golden Gate Capital (as defined elsewhere herein), through a holding subsidiary of GGCOF (as defined elsewhere herein), entered into an agreement to acquire a majority interest in Aperio. That Transaction closed on October 3, 2018, resulting in GGCOF owning a majority interest of Aperio, Aperio employees and management owning a minority interest, and NL Midco divesting its ownership of Aperio. The transaction is described in Item 4 below. The executive management team of Aperio remains intact going forward.

Item 10: Other Financial Industry Activities and Affiliations— We updated this Item 10 to reflect the specific changes in ownership as outlined in Item 4 above.

The previous version of this Brochure is dated August 15, 2018. Aperio Group encourages each client to read the Brochure carefully and to contact us at the telephone number or e-mail address on the front of this Brochure with any questions you may have.

Aperio Group will ensure that clients receive a summary of any material changes to this Brochure, along with an offer to provide a full copy of this Brochure upon request within 120 days of the close of our fiscal year. Additionally, as we may potentially experience certain specific material changes in the future, we will send you a summary of our “Material Changes” under separate cover, along with the same offer. For more information about the firm, please visit our website at www.aperiogroup.com.

Additional information about Aperio Group and its investment adviser representatives is available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 3: TABLE OF CONTENTS

ITEM 1: COVER PAGE	II
ITEM 2: MATERIAL CHANGES	II
ITEM 3: TABLE OF CONTENTS.....	III
ITEM 4:ADVISORY BUSINESS.....	1
DESCRIPTION OF APERIO GROUP, LLC.....	1
<i>Principal Owners</i>	<i>1</i>
TYPES OF ADVISORY SERVICES.....	2
<i>Separate Account Management</i>	<i>2</i>
<i>Wealth Management Services.....</i>	<i>2</i>
AMOUNT OF CLIENT ASSETS MANAGED.....	3
ADVISORY AGREEMENTS.....	3
<i>Separate Account Indexing</i>	<i>3</i>
<i>Wealth Management Services.....</i>	<i>4</i>
<i>Wrap Program Services.....</i>	<i>4</i>
<i>Participation in UMA Program.....</i>	<i>5</i>
ITEM 5: FEES AND COMPENSATION	5
FEE AGREEMENTS - GENERAL	5
SEPARATE ACCOUNT INDEXING	6
WEALTH MANAGEMENT SERVICES	6
WRAP FEES.....	7
MUTUAL FUND CLIENTS	8
OTHER FEES	8
ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT	8
ITEM 7: TYPES OF CLIENTS	9
DESCRIPTION.....	9
CONDITIONS FOR MANAGING ACCOUNTS	9
ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS	10
METHODS OF ANALYSIS.....	10
INVESTMENT STRATEGIES.....	10
RISK OF LOSS.....	11
ITEM 9: DISCIPLINARY INFORMATION	14
LEGAL OR DISCIPLINARY EVENTS.....	14
ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS.....	14
ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING	14
DESCRIPTION OF CODE OF ETHICS.....	14
PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS.....	15
PERSONAL TRADING	15

ITEM 12: BROKERAGE PRACTICES	16
SELECTION CRITERIA	16
WRAP ACCOUNTS	16
BANK OR TRUST COMPANY CUSTODIANS	17
MATTERS IMPACTING CHARLES SCHWAB, FIDELITY AND OTHER SIMILAR CUSTODIAN/BROKER RELATIONSHIPS.	17
<i>Aperio's Interest in Schwab's Services.</i>	17
<i>Fidelity Custodian Arrangement</i>	18
BEST EXECUTION.....	19
DIRECTED BROKERAGE	20
SOFT DOLLAR PAYMENTS.....	20
ORDER AGGREGATION	21
HANDLING TRADE ERRORS	22
ITEM 13: REVIEW OF ACCOUNTS	22
ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION	23
COMPENSATION FOR CLIENT REFERRALS	23
ITEM 15: CUSTODY	23
ITEM 16: INVESTMENT DISCRETION.....	23
DISCRETIONARY AUTHORITY; LIMITATIONS	23
ITEM 17: VOTING CLIENT SECURITIES.....	24
PROXY VOTING POLICY.....	24
ITEM 18: FINANCIAL INFORMATION	25

ITEM 4: ADVISORY BUSINESS

Description of Aperio Group, LLC

Aperio Group manages domestic, international, and global equity portfolios for high-net-worth individuals, institutions, and intermediaries such as wealth managers, consultants and family offices. In addition, the Company advises a very limited number of individual clients on asset allocation and fund selection. Aperio also advises a limited number of ERISA clients and provides sub-advisory investment management services to registered mutual funds.

Principal Owners

Aperio Group was founded in August of 1999 and, until January 4, 2016, was entirely owned by its four partners: Patrick Geddes, Guy Lampard, Robert Newman, and Paul Solli.

On December 11, 2015, Guy Lampard and Robert Newman each agreed to sell a portion of their ownership interest in Aperio to Northern Lights Midco, LLC (“NL Midco”), an affiliate of Pacific Current Group (“PCG”). The transaction closed on January 4, 2016, and in total, NL Midco acquired a minority ownership interest in Aperio. Patrick Geddes and Paul Solli, the founders of Aperio, held majority control of the Company. Guy Lampard and Robert Newman continued to work at Aperio, on a reduced time schedule, and held a substantial stake in the firm. PCG is a publicly traded Australian company that invests in boutique investment management firms.

It should be noted that, in mid-December 2016, the ownership interest in Aperio held by NL Midco was transferred to a newly created affiliate of PCG called Northern Lights Midco II, LLC (“NL Midco II”). No change in the percentage of ownership interest by PCG or its affiliates occurred as a result of this NL Midco II transaction.

On August 7, 2018, Aperio entered into a Purchase and Sale Agreement whereby Aperio Holdings, LLC, a newly formed subsidiary of Golden Gate Capital Opportunity Fund, L.P. and Golden Gate Capital Opportunity Fund-A, L.P. (together with certain other investment funds formed to invest alongside such private funds, “GGCOF”), would acquire a majority of Aperio’s outstanding equity interests (the “Transaction”). Golden Gate Private Equity, Inc. (“Golden Gate Capital” or “Golden Gate”), an SEC registered investment adviser, serves as investment manager with respect to GGCOF. The Transaction closed on October 3, 2018, and resulted in a change of control of Aperio, with GGCOF owning, on an indirect basis, a majority interest of Aperio.

The Transaction has not resulted in any changes to the portfolio managers who manage investments for clients of Aperio, nor has it changed the investment process that underpins

it, nor were there any resulting changes to the senior management personnel at Aperio, although the CEO, Patrick Geddes, now reports to a Board of Directors, which is comprised of certain members of senior management from Golden Gate Capital and from Aperio, as well as one independent director. Neither Golden Gate nor any director, officer or employee of Golden Gate will participate in the day-to-day management or investment recommendations of our business.

Aperio will continue to be led by its founders, Patrick Geddes, Chief Executive Officer and Chief Tax Economist, and Paul Solli, Chief Marketing and Strategy Officer. Mr. Geddes and Mr. Solli each continue to retain a significant ownership stake in Aperio. Robert Newman continues to work at Aperio, on a reduced time schedule, and also continues to hold a stake in the firm. Guy Lampard retains a stake in the firm.

NL Midco II has completely divested itself of its ownership interest in Aperio as a result of the Transaction.

Types of Advisory Services

Separate Account Management

Aperio Group offers three (3) main equity investment strategies:

- Active Tax Management
- Factor Tilts
- Socially Responsive Indexing

Aperio Group creates customized long equity separately managed portfolios for individuals and institutions. In creating such portfolios, Aperio Group uses quantitative models and tools in seeking to incorporate client specifications for benchmark, factor tilts, Socially Responsible Investing (“SRI”) values, and tax management, and in offering clients the ability to customize their portfolios to meet specific requirements such as holding restrictions, industry limitations, market exposure, situation-appropriate tax needs, and risk factor tilts. Benchmarks include broad market equity indexes representing domestic and/or foreign companies. Once a client has selected an investment strategy and benchmark, Aperio provides continuous supervision and management of the assets. Clients are responsible for informing Aperio of any changes to their investment objectives, individual needs and/or restrictions.

Please refer to Item 8: Methods of Analysis, Investment Strategy and Risk of Loss for detailed information regarding these strategies.

Aperio Group’s separate account strategies are also offered through certain wrap programs (each, a “Wrap Program”), which are sponsored by unaffiliated multi-service financial institutions (each, a “Wrap Sponsor”). A list of such Wrap Programs may be found in Part 1 of our Form ADV. For further information on Wrap Programs, please refer to the

information below under “Advisory Agreements” and “Wrap Program Services”, as well as Item 5: Fees and Compensation.

Wealth Management Services

Aperio Group provides wealth management services on a discretionary basis for a very limited number of client portfolios. This includes advice on asset allocation and asset selection. The wealth management client portfolios are designed and managed based upon each client’s particular circumstances including their individual financial goals, investment time horizons, tax situations, funding and other requirements. We are not accepting new clients for this service and have not for a number of years.

Amount of Client Assets Managed

As of December 31, 2017, the following represents the total amount of client assets under management ("AUM") by Aperio Group:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$23,817,171,327
Non-Discretionary	\$0
Total:	\$23,817,171,327

Advisory Agreements

Separate Account Indexing

For all Separate Account Indexing clients, a written Master Sub-Advisory Agreement or an individual Investment Advisory Agreement governs the terms of the relationship between Aperio Group and its clients. Both agreements describe the advisory services to be provided, the responsibilities of the Advisor and the terms of engagement including fees and termination.

Investment adviser intermediaries, consultants and wealth managers (collectively, "Intermediaries," and individually, an "Intermediary") acting as the primary advisor may enter into a Master Sub-Advisory Agreement with Aperio when Aperio has been selected to manage portfolios for the Intermediaries' clients as sub-advisor. In this case, the client of the Intermediary (usually a high-net-worth individual investor or foundation/endowment) delegates to the Intermediary the authority to select sub-advisor managers. A list of clients covered by the Master Sub-Advisory Agreement is appended to the agreement and updated regularly. All direct clients managed by Aperio Group enter into an individual Investment Advisory Agreement which also describes in detail the advisory services to be provided by Aperio Group. In some circumstances, the clients of Intermediaries selecting Aperio Group as a manager on behalf of their clients will enter into an individual Investment Advisory Agreement. Both the Master Sub-Advisory Agreement and the individual Investment Advisory Agreement may be terminated by either party upon written notice to the other party. If Aperio terminates a Master Sub-Advisory Agreement, Aperio agrees to continue service for a specified period in order to facilitate transitioning of accounts. Both agreements provide for management fees paid in advance to be prorated to the date of termination and any unearned portion of the prepaid fees to be refunded to the client. For services billed in arrears the client will be billed for services earned but not paid.

Wealth Management Services

Wealth Management Advisory clients enter into an Investment Advisory Agreement with Aperio Group that describes the terms of engagement including fees and termination. The agreement may be terminated upon written notice by the client or Aperio Group. Upon termination, the agreement provides for management fees paid in advance to be prorated to the date of termination and any unearned portion of the prepaid fees be refunded to the client. For services billed in arrears the client will be billed for services earned but not billed.

Wrap Program Services

Intermediaries may also choose to access Aperio Group's Separate Account Indexing through a Wrap Program. Some programs may use a written Master Sub-Advisory Agreement between the Wrap Sponsor and Aperio Group. The Master Sub-Advisory Agreement describes the advisory services to be provided, the responsibilities of the Advisor and the terms of engagement including fees and termination. Other Wrap Sponsors require a Service Agreement with Aperio Group in addition to the individual Investment Advisory Agreement between the Wrap Program client and Aperio. The Service Agreements between the Wrap Sponsor and Aperio Group covers items such as use of software provided, data downloads of account information, and electronic trading service terms and conditions.

The individual Investment Advisory Agreement governs the terms of the relationship between Aperio Group and the Wrap Program client. Both the Master Sub-Advisory and the individual Investment Advisory Agreement describe the advisory services to be provided, the responsibilities of the Advisor and the terms of engagement including fees and termination. Both the Master Sub-Advisory Agreement and the individual Investment Advisory Agreement may be terminated by either party upon written notice. If Aperio Group terminates a Master Sub-Advisory Agreement Aperio agrees to continue service for a specified period in order to facilitate transitioning of accounts.

Both agreements provide for management fees paid in advance to be prorated to the date of termination and any unearned portion of the prepaid fees to be refunded to the client. For services billed in arrears the client will be billed for services earned but not paid.

Generally, a Wrap Program client (the "Wrap Client"), with the assistance and advice of the Wrap Sponsor, selects an investment adviser, such as Aperio, from a list of Wrap Sponsor-approved advisers to provide investment management services for their assets allocated to their Wrap Program account(s). In addition, a Wrap Client may receive certain other services provided by the Wrap Sponsor and/or entities affiliated with the Wrap Sponsor (such as trading execution, custodial services, and in some cases, advisory services). All services are generally provided for a single all-inclusive fee (the "Wrap Fee"). The Wrap Client pays the Wrap Sponsor a Wrap Fee based upon the Wrap Client's assets allocated to their Wrap Program account(s), and the Wrap Sponsor pays the selected adviser, such as

Aperio Group, a portion of the Wrap Fee for providing investment management services to the Wrap Client. For the Wrap Programs that we participate in, Wrap Clients enter into a written agreement with the Wrap Sponsor and may also enter a contract with Aperio Group, depending on the program.

Although the types of investment management services provided by Aperio Group to Wrap Clients are generally the same as the types of investment management services provided to our non-Wrap Program clients, certain differences usually exist. These include, but are not limited to the fact that: 1) the Wrap Sponsor collects each client's investment objectives and assists the client in determining the strategy best suited for the client, and 2) that client communications regarding the investment management of a Wrap Clients' assets are generally between the Wrap Sponsor and the Wrap Client, with Aperio communicating only with the Wrap Sponsor, unless requested otherwise by the Wrap Client or Wrap Sponsor.

Since the Wrap Fee paid by Wrap Clients is all inclusive as described above, Aperio believes it is important for each Wrap Client to evaluate whether such a program is suitable for their needs and cost effective, given factors such as the size of the account, frequency of transactions and the client's investment objectives, and also whether or not comparable or similar services are available at a lower cost if provided separately.

Participation in UMA Program

We participate in a UMA program sponsored by an unaffiliated investment advisory firms. We provide an investment model to the UMA sponsor, and the UMA sponsor implements the investment model by executing trades in the UMA accounts at their discretion. We are responsible for communicating any changes to the investment model to the UMA sponsor on a timely basis. UMA clients are generally not considered to be Aperio Group clients, but rather clients of the UMA sponsor.

Please refer to Item 5 of this Brochure for further details on fees and how fees are handled in the event of agreement termination.

ITEM 5: FEES AND COMPENSATION

Fee Agreements – General

Aperio has entered into various advisory agreements with investment advisers and other financial Intermediaries with respect to investment programs they offer. Typically, Aperio negotiates fees with the advisers and Wrap Sponsors and not with individuals participating in such programs. However, for specialized portfolio customization, additional fees may be charged based on the size and complexity of the account(s). In the event of fee schedule changes, Aperio reserves the right to continue pre-established fee schedules with current clients that may be more or less advantageous to such clients than the new or changed fee schedules offered to prospective clients. Additionally, Aperio reserves the right to offer prospective clients fee schedules or terms that may be more or

less advantageous to such prospective clients than the existing fee schedules offered to its current clients for similar services.

Separate Account Indexing

Aperio Group charges an annual management fee based on a percentage of a client's account value for all separately managed equity index strategies. However, accounts that track certain specialized indexes may be charged additional fees based on the pass through cost of our licensing such data. Fees are negotiable at the sole discretion of Aperio Group and vary depending on account size, account parameters and overall relationship. A minimum annual fee of \$3,500 will be applied; however Aperio has discretion to lower or waive the minimum at any time and for any client(s).

Below is the standard annual advisory fee:

Domestic Indexes	0.35%
Foreign/Global	0.40%
U.S. Index SRI	0.45%
Foreign/Global SRI	0.50%

The management fee is typically billed quarterly in advance based on the account value at the end of the prior quarter. Such invoices may include pro-rated adjustments for deposits and withdrawals made in the previous quarter. A small number of accounts are billed quarterly in arrears based on the account value at the end of the period. Aperio Group also manages certain accounts that are part of Wrap Programs. Details on the Wrap Program Fees are described in a separate section of Item 5 below.

Since investment advisory fees are typically billed quarterly in advance, if the agreement is terminated during a quarter the portion of the fee paid for the remainder of the period will be refunded. The amount refunded will be pro-rated according to the portion of the quarter that was prepaid and not earned. For fees charged in arrears, the amount billed is prorated for the period in which services were earned.

Wealth Management Services

Aperio Group charges a flat fee for its wealth management clients. These specific clients pay a flat fee as initially negotiated at the outset of such relationship and the fees for such services continue to be governed by such contractual terms. Upon termination, such agreements provide for management fees paid in advance to be prorated to the date of termination and any unearned portion of the prepaid fees to be refunded to the client. This fee is billed quarterly in advance.

The consent for deduction of fees is generally contained in the written agreement the client enters into with Aperio Group. Clients' custodians will deliver a periodic (at least quarterly) account statement directly to clients. The statements will include all transactions that took place in the account during the period covered and reflect any fees deducted and paid to Aperio.

Clients are encouraged to review their account statements for accuracy and compare them to the reports received from Aperio Group. Should there be any discrepancies, clients should rely on the information in their custodian's account statement.

Wrap Fees

The annual fees received by Aperio Group from each Wrap Sponsor are generally equal to either

(a) a percentage of the total assets in the Wrap Sponsor's Wrap Program accounts for which Aperio Group provides investment management services or (b) a percentage of the Wrap Fees actually collected by the Wrap Sponsor from Wrap Clients to whom we provide investment management services. Each Wrap Sponsor generally pays Aperio Group on a quarterly basis, generally in advance, or as outlined in each written agreement between Aperio Group and the Wrap Sponsor. With respect to each Wrap Program in which we participate, the standard fees received by us from each Wrap Sponsor can vary depending on the investment style selected and other factors. The annual fees currently range from 0.15% - 0.50% depending on the product offered.

Aperio Group is not informed of the specific fee arrangement negotiated between each Wrap Client and the Wrap Sponsor. Wrap Sponsors charge a minimum annual Wrap Fee to each of their Wrap Clients. Complete information on the services provided and fees charged under a Wrap Program can be found in each Wrap Sponsor's Form ADV, Part 2A – Appendix 1, also known as the Wrap Fee Program Brochure. Wrap Clients should carefully evaluate all information in the applicable brochure to determine whether or not the Wrap Fee paid for the services provided exceeds the aggregate cost of such services if they were to be provided separately.

Wrap accounts are generally managed in the same or similar manner to other separately managed accounts. However, Wrap Programs may impose specific restrictions and investment guidelines that are more restrictive than fully discretionary client accounts; this is discussed in the Wrap Program Sponsor's disclosure brochure. In addition, Wrap Programs may mandate that Aperio direct transactions to a specific broker-dealer, which may prohibit Aperio from seeking best execution or aggregating trades. As a result, wrap accounts may not achieve the same performance as fully discretionary accounts.

Aperio negotiates fees with some clients who pay lower fees than the fees shown above. Also, lower fees for comparable services may be available from other sources.

Mutual Fund Clients

For our sub-advised mutual fund clients, we receive annual sub-advisory fees, which are based on the funds' average daily net assets. The annual sub-advisory fees are paid monthly in arrears by the Funds' advisers and range from 0.08% to 0.20%.

Other Fees

Clients should understand that the fees discussed above are specific to what Aperio Group charges and do not include certain charges imposed by third parties such as custodial fees, mutual fund fees and expenses, and additional fees charged by Wrap Sponsors, although we have generally described some of those additional fees in specific sections of this Brochure. Client assets also can be, depending on the type of account and the types of investments in the account, subject to asset-based transaction fees, brokerage fees and commissions, retirement plan administration fees (if applicable), deferred sales charges on mutual funds, 12b-1 fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. For mutual fund and exchange trade fund ("ETF") investments, clients are charged internal management fees, distribution fees, and other expenses by each mutual fund and ETF, which are described in each funds' prospectus.

Clients should understand that all custodial fees and any other charges, fees, and commissions incurred in connection with transactions for a client's account are generally paid out of the assets in the account and are in addition to the investment management fees charged by Aperio Group. Please refer to Item 12 of this Brochure for additional important information about our brokerage and transactional practices, including considerations for selecting broker-dealers for client transactions.

Clients should review the fees charged to their account(s) to fully understand the total amount of all fees charged. Clients should understand that lower fees for comparable services may be available from other investment advisory firms.

No supervised person of Aperio Group receives transaction-based compensation related to investment recommendations or advice that could be considered a conflict of interest.

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

Aperio Group does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains on or capital appreciation of the client's assets or any portion of the client's assets). Consequently, Aperio Group does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). As described above, we provide our services based upon a percentage of assets under management, in accordance with SEC Rule 205(a)(1). Notably, accounts that are managed in the same investment style (*e.g.*, risk profile) are not always managed the same way due to the client's overall investment

objective, discretion of the investment professional assigned to the account, asset size and account restrictions.

ITEM 7: TYPES OF CLIENTS

Description

Aperio Group clients include the following:

- Registered Investment Advisers and Consultants
- Family and Multi Family Offices
- Individuals, High-Net-Worth Individuals and Trusts
- Charitable Organizations including Endowments and Foundations
- Investment Companies including Registered Mutual Funds
- Wrap Programs and other wealth management platforms
- Pension and Profit-Sharing Retirement Plans

For ERISA clients, Aperio Group provides certain required disclosures to the “responsible plan fiduciary” (as such term is defined in ERISA) in accordance with Section 408(b)(2), regarding the services we provide and the direct and indirect compensation we receive from such clients. Generally, these disclosures are contained in this Brochure, in the client agreement and in separate ERISA disclosure documents, and are designed to enable the ERISA plan’s fiduciary to: (1) determine the reasonableness of all compensation received by Aperio Group; (2) identify any potential conflicts of interests; and (3) satisfy reporting and disclosure requirements to plan participants.

Conditions for Managing Accounts

For accounts managed by Aperio Group through an Intermediary or directly, the client must use the services of a custodian to hold the securities in their account. For Aperio Group to accept an account for management, Aperio Group must have an established relationship with that custodian or alternatively must agree to establish one. The client is required to grant Aperio Group the authority to manage their account by signing a Limited Power of Attorney (“LPOA”). The LPOA grants Aperio discretionary authority to manage the portfolio according to agreed upon guidelines, to buy and sell securities, invest cash, implement client instructions, deduct fees and perform other actions consistent with managing the portfolio.

Wrap Program accounts are usually subject to minimum account sizes and/or fees, which are outlined in the Wrap Sponsor’s ADV Part 2A – Appendix 1.

There may be times when certain restrictions are placed by a client that prevent us from

accepting or continuing to service the client's account. Aperio Group reserves the right to not accept and/or terminate a client's account if it feels that the client-imposed restrictions would limit or prevent it from meeting and/or maintaining its objectives. Furthermore, pursuant to provisions in the Investment Management Agreement, Aperio may elect to terminate a client should changes occur to client-imposed restrictions, client investment objectives, and/or other business or regulatory circumstances where Aperio believes it can no longer manage the client's assets effectively.

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

Methods of Analysis

Aperio Group uses mathematical models and software to manage its client strategies. Investment strategies are typically customized to client specifications and have a defined benchmark and a set of client restrictions/targets. To create portfolios, Aperio Group typically uses broad universes consisting of stocks that are screened for liquidity and capitalization. The construction process typically purchases 250–1,000 stocks that when combined have a high probability of tracking the particular index and/or achieve the target factor exposures desired by the client. For taxable clients, portfolios are rebalanced using a tax-efficient approach in order to maximize loss harvesting and minimize capital gains. Aperio's methodologies consider portfolio risk, transactions costs, and taxes when making investment decisions

Investment Strategies

For the Active Tax Management strategy, Aperio constructs a portfolio comprising individual stocks that track a target benchmark and utilizes software designed to systematically harvest losses within the portfolio and immediately replace the securities sold at a loss with others of similar type and risk. The losses realized are available to offset gains created in other portions of the client's portfolio such as active managers, hedge funds, or sale of low-cost-basis stock. Any savings realized by the reduction in taxes paid or postponed can improve returns when measured after-tax. This after-tax return benefit presumes that clients have capital gains from active managers, hedge funds, sale of low cost basis stock, or other sources suitable for offset. Changes in tax law and/or the treatment of capital gains could impact the after-tax returns from this strategy.

The Factor Tilts and Socially Responsive Indexing strategies are customized portfolios of equity securities that are designed to meet specific client driven objectives. These strategies are suitable for both taxable and non-taxable portfolios and include SRI screening as well as other factor strategies.

Socially Responsive Indexing portfolios are designed to track the major market indexes using a universe of securities that meet specific criteria and standards of conduct as

determined by the values expressed by the client.

Factor Tilts enable clients to gain exposure to quantitative factors like quality, value, momentum, low volatility etc. in a low cost tax efficient strategy. Clients can also tilt portfolios based on industries, sectors, and countries.

Risk of Loss

Aperio Group's separately managed equity portfolios consist of stocks with the objective that the portfolio perform in line with the index benchmark selected. As a result, the portfolios will rise and fall with the stock markets. With all separately managed portfolios, there is a significant risk that accounts will decline in value from time to time and clients should be prepared to accept the risk of potential loss. In addition, accounts may hold small amounts of cash.

Aperio Group uses quantitative tools to measure the estimated tracking error versus the index. Tracking error is the statistic that forecasts how much a portfolio is likely to deviate from the benchmark on an annualized basis. Tracking error is a 1 standard deviation estimate versus a benchmark. For example if the estimated tracking error of a portfolio is 1% and the market goes up 10%, there is a 68 % chance that the portfolio performance will be between 9% and 11% assuming what statisticians refer to as a "normal distribution". There is also the possibility that the account could experience a 2, 3 or higher standard deviation outcome. While not expected, the risk of a significant deviation from the index is very possible. If the deviation is negative versus the market the portfolio will underperform- perhaps significantly - versus the index. Some accounts will perform worse than the benchmark due to random variation.

The Factor Tilt strategies add an additional and potentially significant level of tracking risk as the themes emphasized by these strategies move in and out of favor.

Socially Responsive Investing strategies add an additional level of tracking risk due to the investing constraints such a style of investing introduces to the management of a portfolio. An optional participation in a shareholder advocacy program requires a commitment from the client to hold its position in the impacted company for a specific period of time. Participation in this program is directed by the client who accepts the potential for risk of loss due to the holding period requirement.

Some additional general investment risks a client should be aware of include, but are not limited, to the following:

- **Equity Markets Risk:** Since the strategies invest in equity securities, they are subject to the risk that stock prices can fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of each strategy's equity securities may fluctuate drastically from day-to-day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and

developments. The prices of securities issued by such companies may suffer a decline in response. These factors contribute to price volatility, which is the principal risk of investing in the strategies we offer.

- *Currency Risk*: Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- *Political and Legislative Risk*: Companies face a complex set of laws and circumstances in each country in which they operate. The political and legal environment can change rapidly and without warning, with significant impact, especially for companies operating outside the United States or those companies that conduct a substantial amount of their business outside the United States.
- *Business Risk*: These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- *Financial Risk*: Excessive borrowing to finance a business' operations may increase the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations can result in bankruptcy and/or a declining market value.
- *Foreign and Emerging Markets Risk*: The value of a client portfolio may be adversely affected by changes in currency exchange rates and political and economic developments across multiple borders. In emerging or less developed countries, these risks can be more significant than in major markets in developed countries. Generally, investment markets in emerging countries are smaller, less liquid and more volatile, and as a result, the value of a portfolio investing in emerging markets may be more volatile. Emerging market investments often are subject to speculative trading, which typically contributes to volatility. Emerging market countries also may have relatively unstable governments and economies. Trading in foreign and emerging markets usually involves higher expenses than trading in the U.S. A client portfolio investing in these markets may have difficulties enforcing its legal or contractual rights in a foreign country. Depositary receipts are subject to many of the risks associated with investing directly in foreign securities, including political and economic risks.
- *General Investing Risk*: Our investment strategies are not intended to be a complete investment program. Clients generally should have a long-term investment perspective and be able to tolerate potentially sharp declines in value and/or investment losses. Investment advisers, other market participants and many securities markets are subject to rules and regulations and the jurisdiction of one or more regulators. Changes to applicable rules and regulations could have an adverse effect on securities markets and market participants, as well as on the ability to execute a particular investment strategy.

- *Small Companies Risk:* Smaller companies are subject to greater price fluctuations, limited liquidity, higher transaction costs and higher investment risk. Such companies may have limited product lines, markets or financial resources, may be dependent on a limited management group, or may lack substantial capital reserves or an established performance record. There is generally less publicly available information about such companies than for larger, more established companies. Stocks of these companies frequently have lower trading volumes, making them more volatile and potentially more difficult to value.
- *Tax-Managed Investing Risk:* Market conditions may limit the ability to generate tax losses or to generate dividend income taxed at favorable tax rates. A tax-managed strategy may cause a client portfolio to hold a security in order to achieve more favorable tax treatment or to sell a security in order to create tax losses. The ability to utilize various tax-management techniques may be curtailed or eliminated in the future by tax legislation or regulation. The benefit of tax-managed investing to an individual investor is dependent upon the tax liability of an investor. Over time, the ability of an investor in a tax-managed strategy to harvest losses may decrease and gains may build up in a securities portfolio.
- *Tax Risk:* The tax treatment of investments held in a client portfolio may be adversely affected by future tax legislation, Treasury Regulations and/or guidance issued by the Internal Revenue Service that could affect the character, timing, and/or amount of taxable income or gains attributable to an account.
- *Tracking Error Risk:* Tracking error risk refers to the risk that the performance of a client portfolio may not match or correlate to that of the index it attempts to track, either on a daily or aggregate basis. Factors such as fees and trading expenses, imperfect correlation between the portfolio's investments and the index, changes to the composition of the index, regulatory policies, high portfolio turnover all contribute to tracking error. Tracking error risk may cause the performance of a client portfolio to be less or more than expected.

There can be no assurance that a client's investment objectives will be obtained, and no inference to the contrary is being made. Prior to entering into an agreement with Aperio Group, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to five years; (2) that volatility from investing in the stock market can occur; and (3) that over time the client's assets can fluctuate and at any time be worth more or less than the amount invested.

Aperio Group does not represent, guarantee or imply that the services or methods of analysis employed by us can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines.

ITEM 9: DISCIPLINARY INFORMATION

Legal or Disciplinary Events

Registered investment advisers such as Aperio Group are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of Aperio Group or the integrity of our management. Aperio Group does not have any such legal or disciplinary events and thus has no information to disclose with respect to this Item 9.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As discussed in Item 4, on August 7, 2018, Golden Gate entered into an agreement with Aperio, whereby, GGCOF was to acquire a majority of Aperio's outstanding equity interests. The Transaction, which closed on October 3, 2018, resulted in a change of control of Aperio.

Aperio Group and our associated persons do not have any other outside financial industry activities or financial industry affiliations. From time to time Aperio Group refers clients or prospects to wealth managers, accountants, tax specialists, attorneys, and other professionals. Furthermore, such professionals have referred and may continue to refer their clients or prospects to Aperio Group. Referrals both to and from Aperio Group are made without any compensation or other commitment, with the exception of a handful of accounts that were opened at Aperio Group before December 31, 2006, as disclosed in this document in Item 14 of this Brochure.

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

Description of Code of Ethics

The Investment Advisers Act of 1940 ("Advisers Act") imposes a fiduciary duty on all investment advisers to act in the best interest of its clients. Aperio Group's clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels all employees to act with integrity in all of our dealings.

Because our investment professionals occasionally transact in the same securities for their personal accounts as the Company buys or sells for client accounts, it is important to mitigate potential conflicts of interest. To that end, we have adopted personal securities transaction policies in the form of a Code of Ethics ("Code"), which all our employees must follow. This Code provides such personnel with guidance in their ethical obligations regarding their personal securities transactions and fiduciary duties formulating the basis of all of our client dealings. Specifically, the Code classifies all Aperio employees as Access

Persons who are required to report all personal trades and holdings in individual equity securities, obtain pre-clearance of initial public offering and limited offering securities and prohibits trades in certain restricted securities. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to Aperio employees annually. Aperio Group will provide a copy of the Code to any client or prospective client upon written request.

Aperio Group obtains information from a wide variety of publicly available resources. Aperio Group and our personnel do not have, nor claim to have, insider or private knowledge. To ensure insider trading does not take place and to address the conflict of interest regarding obtaining confidential information, we have adopted a Company-wide policy statement outlining insider-trading compliance by us, our supervised persons and other employees. The policy statement has been distributed to all our associated persons and other employees and has been signed and dated by each such person.

Participation or Interest in Client Transactions

As allowed under our Code, Aperio Group employees are permitted to purchase for their own or for related accounts the same securities that are recommended and purchased for Aperio Group's clients. Aperio Group's policy is that, in all circumstances, the interests of our clients take precedence over the interests of employees or personal relationships. Any conflicts or potential conflicts of interest must be disclosed. In addition, to address these conflicts, employee trading is continually monitored, with an eye to reasonably prevent conflicts of interest between us and our clients.

Aperio Group is a sub-advisor to mutual funds and could participate in calls or programs informing potential investors about such fund. Since Aperio Group derives investment management fees from the fund, the potential for a conflict of interest would be prominently disclosed as part of any presentation.

Aperio Group does not affect any principal or agency cross securities transactions for client accounts, nor do we affect 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. 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. Should we ever decide to affect principal trades or cross-trades in client accounts, we will comply with the provisions of Rule 206(3) of the Advisers Act.

Personal Trading

Aperio Group permits personal account trading, which can include securities being purchased by the Company for its clients. While transactions could take place at a similar

time, it is unlikely. As a part of Aperio Group trading procedures, a liquidity test is performed to determine if Company trading on behalf of clients could materially impact the execution price. Only after determining liquidity does trading commence. To detect and highlight potential conflicts of interest between trading for Aperio Clients and personal trading for Aperio Group employees or related persons, Aperio Group has procedures in place that require review of certain trades flagged by our personal trading portfolio surveillance systems and also requires the review of all trades by Aperio Access Persons on a quarterly and annual basis.

The Aperio Group Code of Ethics requires the review of all employee securities account statements and all transactions on a quarterly and annual basis. Aperio Group also maintains a list of securities that employees are restricted from trading for their own or related accounts. Aperio prohibits insider trading and requires compliance with applicable provisions of state and federal law. The Company has adopted a Code of Ethics summarized above that deals with these and other issues regarding personal trading.

ITEM 12: BROKERAGE PRACTICES

Selection Criteria

Selection of the broker-dealer used for executing transactions is dependent on several factors and the choice of custodian is driven by the client.

- Aperio Group has relationships with many custodians. Aperio will inform clients which custodians are available; however the clients make the actual selection.
- When a client chooses a custodian that is compensated for its custodial services through trading commissions, except for very unusual circumstances, it is the most cost effective for the client to trade through that custodian's broker-dealer.

The custodian/trading relationships used by Aperio Group offer competitive trading costs, electronic order execution, access to no-load mutual funds, and competent back-office support including technological links with Aperio Group's information systems. In addition, other products and services are available to Aperio from Charles Schwab and other similar custodian/brokers as discussed below.

Wrap Accounts

Clients choosing to participate in certain Wrap Programs or platforms may use Aperio Group investment management services. Brokerage and other trading fees in such cases are between the client and the brokerage/custodial firm. In most cases, since the fees paid by the client includes commissions, Aperio Group places wrap client trades with the Wrap Sponsor for execution.

While Aperio may have discretion to select broker-dealers other than the Wrap Sponsor to execute trades for wrap accounts in a particular program, trades are generally executed

through the Wrap Sponsor. A Wrap Sponsor may instruct Aperio not to execute transactions on behalf of the wrap accounts in that program with certain broker-dealers. When a Wrap Sponsor restricts Aperio in this way, it may affect Aperio's ability to negotiate favorable commission rates or volume discounts, the availability of certain spreads, and the timeliness of execution. This may consequently result in a less advantageous price being realized by the account. Aperio endeavors to treat all wrap accounts fairly and equitably over time in the execution of client orders. Depending on various factors, such as the size of the order and the type and availability of a security, orders for wrap accounts may be executed throughout the day. When orders are placed with broker-dealers, such trades may experience sequencing delays and market impact costs, which the Company attempts to minimize. When the trading desks deem it appropriate, trades for wrap accounts may be rotated in accordance with Aperio's trade rotation policy to treat all clients fairly and equitably over time.

Bank or Trust Company Custodians:

For clients using a traditional bank or trust company custodian but without the trade execution, broker-dealer selection is at the discretion of Aperio Group and will be based on, among other things, low transaction costs, the quality of executions, electronic order and trade reporting capability.

Matters Impacting Charles Schwab, Fidelity and Other Similar Custodian/Broker Relationships.

Firms such as Charles Schwab and Fidelity generally do not charge separately for custody services but are compensated by charging commissions or other fees on trades that they execute or that settle into their accounts. For some accounts, these firms may charge a percentage of the dollar amount of assets in the account in lieu of commissions. These firms' commission rates and asset-based transaction fees applicable to our client accounts were negotiated based on maintaining certain client asset balances in accounts at the custodian. This commitment benefits clients because the overall commission rates and asset-based fees paid by the client are lower than they would be if Aperio Group did not maintain minimum account balances. In addition to commissions or asset-based fees custodians such as Schwab charge a flat dollar amount as a "prime broker" or "trade away" fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into a client's Schwab or other similar custodian's account. These fees are in addition to the commissions or other compensation clients pay the executing broker-dealer. Because of this, in order to minimize client trading costs, we have the custodian/broker execute most trades for client accounts.

Aperio's Interest in Schwab's Services

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. Due to the size of assets Aperio and its wealth management

clients maintain, Aperio does not have to pay for Schwab's services. While Aperio does not recommend specific custodians, the benefits provided by Schwab for maintaining accounts there has the potential to be a conflict of interest.

We believe, however, that Aperio's support for clients who have chosen to use Schwab as their custodian and broker is consistent with being in the best interests of our clients. This is primarily due to the scope, quality, and price of Schwab's overall services and not Schwab's services that benefit only us. We have a significant amount of client assets under management at Schwab as well as at other custodians and do not believe that maintaining assets at Schwab is related in any way to avoid paying Schwab quarterly service fees or presents a material conflict of interest.

It is important for clients to consider and compare the significant differences between having assets held with a broker/dealer, bank, or other custodian prior to opening an account with Aperio Group. Some of these differences include, but are not limited to; total account costs, trading freedom, commission rates, and security and technology services.

Fidelity Custodian Arrangement

Aperio has an arrangement with National Financial Services LLC and Fidelity Brokerage Services LLC (together with all affiliates, "Fidelity") through which Fidelity provides Aperio with Fidelity's "platform" services. The platform services include, among others, brokerage, custodial, administrative support, record keeping, and related services that are intended to support intermediaries like Aperio in conducting business and in serving the best interests of their clients but that also benefit Aperio. Aperio is not affiliated with Fidelity.

Fidelity charges brokerage commissions and transaction fees for effecting certain securities transactions (*i.e.*, transaction fees are charged for certain no-load mutual funds, and commissions are charged for individual equity and debt securities transactions). Fidelity's commission rates are generally considered discounted from customary retail commission rates. However, the commissions and transaction fees charged by Fidelity may be higher or lower than those charged by other custodians and broker-dealers. As part of the arrangement, Fidelity also makes available to Aperio, at no additional charge to us, certain brokerage services, which are used by Aperio in the management of accounts for which Aperio has investment discretion.

Aperio also receives additional services, which include services that do not directly benefit Aperio clients. As a result of receiving these services for no additional cost, Aperio has an incentive to continue to use or expand the use of Fidelity's services, which creates a conflict of interest. Aperio examined this conflict when it chose to enter into the relationship with Fidelity and has determined that the relationship is in the best interests of clients. As part of the custodian arrangement, a client may pay a commission/transaction fee that is higher than another qualified broker-dealer might charge to effect the same transaction where Aperio determines in good faith that the commission/transaction fee is reasonable in

relation to the value of the brokerage services received.

Best Execution

As a fiduciary, Aperio has an obligation to use its best efforts to seek to obtain the best qualitative available price and most favorable execution given the circumstances with respect to all portfolio transactions placed by Aperio on behalf of its clients. This process is commonly referred to as “best execution.” To guide investment personnel in seeking best execution, Aperio only uses brokers or counterparties that have been pre-approved by the Company’s Best Execution Committee.

Aperio does not consider the promotion or sale of mutual funds or other products affiliated with or managed by Aperio or its affiliates when selecting brokers to execute client transactions. Aperio carefully monitors and evaluates transaction costs and the quality of execution across all strategies and client portfolios. Aperio, through its Best Execution Committee, conducts best execution analysis. In analyzing best overall execution, the Best Execution Committee considers various factors, including but not limited to: specific market and trading impact, number of shares being traded relative to market volume, execution price, trading costs, and other material inputs. Aperio always seeks to effect transactions at the price and commission that provide the most favorable total overall cost or proceeds reasonably attainable given the circumstances.

The Best Execution Committee may consider various factors when selecting a broker-dealer, including but not limited to: the nature of the portfolio transaction; the size of the transaction; the execution, clearing and settlement capabilities of the broker-dealer; the broker-dealer’s experience and ability to place difficult trades; access to markets; the reputation, financial strength and stability of the broker-dealer; availability of alternative trading platforms; the desired timing of the transaction, and confidentiality.

Unless otherwise agreed to, Aperio has discretion to place buy and sell orders with or through such brokers or dealers as it deems appropriate. Our general policy is to place clients’ trades with their broker custodian (e.g., Fidelity, Schwab etc.) as we believe, based on our reviews, the broker custodian is providing the best overall deal for the client and they remain competitive in relation to executions and the cost of each transaction.

For transactions for our registered investment company (mutual fund) clients, Aperio places trades with brokers that we believe can provide best execution, and in accordance with each mutual fund’s written policies and procedures regarding brokerage selection and soft dollars.

Although Aperio seeks to obtain best execution for clients’ securities transactions, we are not required to solicit competitive bids and we are not obligated to seek the lowest available commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer’s services, including among other

things, the services provided to clients, , execution capability, commission rates, and capital strength and stability. Consistent with the foregoing, Aperio may not necessarily obtain the lowest possible commission rates for client transactions.

Aperio performs periodic evaluations of our trading practices and the broker/custodians utilized in the Company's ongoing effort to help ensure that it is fulfilling its best execution obligation.

Directed Brokerage

A client may instruct Aperio Group to execute some or all securities transactions for its account with or through one or more brokers designated by the client.

In such cases, the client is generally responsible for negotiating the terms and conditions (including, but not limited to, commission rates) relating to all services to be provided by such broker and his or her own satisfaction with such terms and conditions. Aperio Group will, if requested by the client, attempt to negotiate the terms and conditions relating to the services provided by the broker.

Under these arrangements, we do not assume any responsibility for obtaining the best prices or any particular commission rates for transactions with or through any such broker for such client's account. The client must recognize that it may not obtain commission rates as low as it might otherwise obtain if we had discretion to select broker/dealers other than those chosen by the client and, as a result may not receive best execution on transactions due to the client's direction.

Clients should also be aware that conflicts may arise between a client's interest in receiving best execution with respect to transactions effected for the client's account and our interest in potentially receiving future client referrals from the broker. To mitigate these conflicts, Aperio Group, in accordance with our fiduciary duty, performs periodic reviews of client trade execution and brokerage services provided to help ensure clients are receiving the best overall execution on their transactions.

Soft Dollar Payments

Aperio may select a broker-dealer in recognition of the value of various services or products, beyond transaction execution, that such broker-dealer provides where, considering all relevant factors, it believes the broker-dealer can provide best execution. Selecting a broker-dealer in recognition of the provision of services or products other than transaction execution is known as paying for those services or products with "soft dollars." The amount of compensation paid to such broker-dealer may be higher than what another, equally capable broker-dealer might charge. However, it should be noted that Aperio currently has no third party soft dollar arrangements in place. The following discussion is intended to provide clients with certain important information regarding such practices, including the potential conflicts of interest that arise under soft dollar arrangements.

Section 28(e) of the Securities Exchange Act of 1934 (“Section 28(e)”) recognizes the potential conflict of interest involved in this activity, but generally allows investment advisers to benefit from various brokerage products and services under certain circumstances without breaching their fiduciary duties to clients. “Brokerage” services and products are those used to effect securities transactions for Aperio’s clients or to assist in effecting those transactions.

As stated above, Aperio does not enter into soft dollar agreements to pay for research and does not otherwise allocate brokerage commissions to pay for research or other products or services. However, in connection with seeking best execution, Aperio will send trades to brokers that provide brokerage services that directly relate to the execution of trades and satisfy the temporal standard under Section 28(e) of the Securities Exchange Act of 1934.

These brokerage services include trading software used to route orders electronically to market centers and the provision of fixed connections used to electronically effect securities transactions. These brokerage services are provided at no cost to Aperio. These brokerage services are used for trading for any client, regardless of the selection of broker. Aperio will only continue to use such services if it is satisfied that access to the resources does not increase client costs directly or indirectly. Brokerage services obtained with soft dollars include, for example, electronic access to account information, trade order processing systems, trade analysis software, on-line pricing services, communication services relating to execution, clearing and settlement and message services used to transmit orders, conferences and seminars.

There are times when Aperio, in order to manage client portfolios, expresses a preference that a client establish brokerage accounts with firms that offer automated reconciliation and trading such as Fidelity and/or Schwab to maintain custody of clients’ assets and to effect trades for their accounts. Schwab and Fidelity are both SEC-registered broker-dealers and members FINRA/SIPC. There is no direct link between the investment advice given to clients and Aperio’s recommendation to use the custodial or brokerage services of Fidelity or Schwab, although certain benefits are received by Aperio due to this arrangement.

While soft dollar arrangements may present a potential conflict of interest, Aperio has adopted written policies and procedures regarding our trading practices, including but not limited to best execution and soft dollar reviews.

Order Aggregation

Although each client account is individually managed, Aperio often purchases and/or sells the same securities for several accounts at the same time. Aperio aggregates contemporaneous transactions in the same securities for clients. Aperio aggregates trades at regular intervals throughout the day and considers all trades in a particular interval to be contemporaneous. When it does so, participating accounts are allocated the resulting securities or proceeds (and related transaction expenses) on an average price basis. Aperio believes combining orders in this way is, over time, advantageous to all participants.

However, the average price resulting from any particular aggregated transaction could be less advantageous to a particular client than if the client had been the only account effecting the transaction or had completed its transactions in the security before the other participants.

Despite the advantages that can arise from aggregation of orders, in many cases Aperio is not able to aggregate orders for all clients seeking to buy or sell the same security. This is often due to the fact that orders for directed brokerage clients generally must be or should be executed by the applicable program sponsor (or its affiliated or designated brokers). Aperio is unable to aggregate transactions executed through different program sponsors and/or through different brokerage firms that Aperio selects for non-directed brokerage clients on the basis of execution quality. In addition, one or more clients may direct the Company to use a particular broker-dealer for some or all of that client's transactions, preventing the Company from aggregating that client's transactions with transactions executed with other broker-dealers. Clients whose transactions are filled before or after other clients' transactions may receive less favorable prices.

Where Aperio cannot aggregate all trades, it will adhere to a random rotation sequence of order placement for all executing brokers. \

Handling Trade Errors

Errors involving trading or account guideline violations will be reported promptly to the Chief Compliance Officer. In any circumstance where an error results in an economic loss to a client, the client will be informed and appropriate adjustments will be credited to the account. A record of all trading errors and how each was corrected will be maintained by Aperio Group.

ITEM 13: REVIEW OF ACCOUNTS

Aperio Group monitors client accounts on an ongoing basis for consistency with investment strategies/objectives, cash, and loss-harvesting potential. Accounts are rebalanced at least quarterly to take advantage of tax-loss harvesting opportunities, reduce tracing error, or to realign the portfolio to its target exposures. The review is conducted by the Director of Portfolio Management with oversight over the team of Portfolio Managers and Assistant Portfolio Managers who personally manage the individual portfolios.

Accounts also are reviewed upon a change in client circumstances.

Aperio Group prepares and delivers regular performance reports for each investment management client. Included in the performance summary are specific period returns for each portfolio compared to its relevant benchmark (both pre- and after-tax, if applicable), a portfolio sector summary versus the benchmark, and summary tax information. The custodian delivers monthly or quarterly reports to clients showing current investment positions and account activity during the previous period.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

Compensation for Client Referrals

Prior to December 31, 2006, Aperio Group received client referrals from Charles Schwab & Co., Inc. ("Schwab") through Aperio Group's participation in Schwab Advisor Network (the "Service"). Aperio Group does not receive new referrals through the Service, and has fewer than five accounts as of the date of this Brochure that are subject to this arrangement. It should be noted that with respect to these accounts, Aperio pays Schwab a Participation Fee for these accounts, which were client referrals received through the Service prior to that date.

ITEM 15: CUSTODY

Aperio Group does not maintain custody of client assets except that pursuant to Rule 206(4)-2 of the Advisers Act, Aperio Group is deemed to have custody of client funds solely because the Company has the authority and ability to debit its fees directly from clients' accounts. To mitigate any potential conflicts of interests, all of Aperio's client account assets are maintained with an independent qualified custodian.

Notably, in most cases a client's broker-dealer also may act as the custodian of the client's assets for little or no extra cost. Clients should be aware, however, of the differences between having their assets held with a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

Aperio Group will implement Aperio's investment management recommendations only after the client has arranged for and furnished Aperio with all information and authorizations regarding its accounts held at the designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to the statements provided by Aperio Group. Aperio statements can vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Please refer to Item 12 for additional important disclosure information relating to our practices and relationships with custodians.

ITEM 16: INVESTMENT DISCRETION

Discretionary Authority; Limitations

Investment management clients whose portfolios are managed directly by Aperio Group execute and enter into individual Investment Management Agreements with Aperio

Group. These agreements specifically grant Aperio Group the authority to manage their portfolio on a discretionary basis and also grant Aperio Group authority to manage the portfolio according to agreed-upon guidelines, to buy and sell securities, invest cash, implement client instructions, deduct fees and perform other actions consistent with managing the portfolio.

With respect to those client accounts managed by Aperio Group through an arrangement with an intermediary (generally, registered investment advisers (“RIAs”), who are considered Aperio’s clients) the RIAs enter into a Master Sub-Advisory Agreement with Aperio. The advisory relationship between the RIA and the RIA’s client is governed by a separate advisory agreement between the RIA and the RIA’s client (a “Wrap Program agreement”). The intermediary, through its authority to select an investment manager under its advisory agreement with its end client, delegates discretionary authority to Aperio Group to manage the portfolio according to agreed upon guidelines, to buy and sell securities, invest cash, implement client instructions, deduct fees and perform other actions consistent with managing the portfolio. In certain situations, the RIA’s client also executes an agreement directly with Aperio to govern the specific management of the client’s investment portfolio by Aperio, such arrangements are referred to as “dual contract” arrangements. Wrap Program agreements are discussed in Item 4 of this Brochure.

ITEM 17: VOTING CLIENT SECURITIES

Proxy Voting Policy

Aperio Group’s policy is to vote proxies for clients, unless directed otherwise by the client in writing. Aperio Group votes proxies consistent with what the Company determines is in the best interest of Aperio Group’s clients. Aperio Group will generally cast proxy votes in favor of proposals that increase shareholder value and will generally cast proxy votes against proposals having the opposite effect. Aperio Group uses a third-party service provider for its non-SRI portfolios.

In exceptional cases where a client requests that we vote in a specific way on a particular company issue, Aperio Group will work with the client to set up client specific voting programs upon request.

Aperio Group offers specific strategies related to SRI. Proxies for those clients are voted using specific SRI proxy voting criteria provided by a third party service provider and can differ from votes cast for other clients’ portfolios managed by Aperio Group.

Aperio Group may choose not to vote proxies in certain situations or for certain accounts, such as: (1) where a client has informed Aperio Group that it wishes to retain the right to vote the proxy, Aperio Group will instruct the custodian to send the proxy material directly to the client; (2) where Aperio Group deems the cost of voting would exceed any anticipated benefit to the client; (3) where a proxy is received for a client account that has been terminated with Aperio Group; (4) where a proxy is received for a security Aperio Group no longer manages; (i.e., the Adviser had previously sold the entire position) or (5) when voting a proxy would restrict the ability to trade

the shares.

A client can request a complete copy of our current Proxy Voting Policies and Procedures and voting guidelines and/or information on how we have voted proxies for their account(s) by contacting Aperio Group by phone at (415) 339-4300 or e-mail at operations@aperiogroup.com.

ITEM 18: FINANCIAL INFORMATION

Aperio Group does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. We do not have any financial commitments that impair our ability to meet contractual and fiduciary obligations to clients and have not been the subject of a bankruptcy proceeding.