

FIRM BROCHURE
(Part 2A of Form ADV)

March 29, 2012

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Aperio Group, LLC. If you have any questions about the contents of this Brochure, please contact us at (415) 339-4300 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, LLC 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, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 1: COVER PAGE

Please refer to previous page.

ITEM 2: MATERIAL CHANGES

This Brochure is being revised to reflect annual updates to the assets under management information in Item 4; additional non-material updates were made in Items 4 & 10. The previous version of this Brochure is dated March 31, 2011. Aperio Group encourages each client to read the Brochure carefully and to call us with any questions.

Pursuant to new SEC Rules, 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 Aperio Group's fiscal year. Additionally, as Aperio experiences 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 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.

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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 limited number of individual clients on asset allocation and fund selection. Aperio also advises a limited number of retirement plans, consulting on investment policy, asset class and fund selection. Aperio Group was founded in August of 1999 and is entirely owned by its four partners: Patrick Geddes, Guy Lampard, Robert L. Newman and Paul Solli.

Types of Advisory Services

Separate Account Indexing

Aperio Group manages separate accounts of equity securities using quantitative tools designed to create portfolios that are expected to perform in line with (track) broad market equity indexes representing large and broad market domestic companies and developed and emerging market foreign companies. These portfolios typically represent a core portion of a client's investments in the stock market. Selection of the individual securities creating portfolios is done using sophisticated computer models. Each portfolio is different and its performance versus its benchmark index will vary by account.

Active Tax Indexing accounts are managed using 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.

Aperio Group also manages Thematic Beta and Socially Responsive index tracking equity portfolios that are customized to meet specific client driven objectives. These advisory services are provided for both taxable and non-taxable portfolios and include Socially Responsive screening as well as other thematic strategies. Socially Responsive 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. Thematic portfolios are managed with strategies such as a high quality, high income, value and growth emphasis.

Aperio Group offers a standard group of separately managed index products that meet the needs of most clients. In addition, the firm offers clients the ability to tailor their portfolios to meet specific requirements such as holding restrictions, industry limitations and security

characteristics. Aperio Group can assist clients in developing a Socially Responsive investing strategy based on client driven objectives.

Separate Account Indexing is also offered to high net worth individuals and consultants through certain wrap programs (each, a “Wrap Program”), which are sponsored by multi-service financial institutions unaffiliated with Aperio (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 section on Advisory Agreements.

Wealth Management Services

Aperio Group provides wealth management services on a discretionary basis for a limited number of client portfolios. This includes advice on asset allocation and asset selection and purchase of publicly available mutual funds and ETF's. These services may also include financial planning, summarizing a client's assets, liabilities, current and anticipated income and expenditures, retirement planning, college planning and planning for other goals. The portfolios are designed and managed based upon each client's particular circumstances including their individual financial goals, investment time horizon, tax situation, funding and other requirements. While Aperio Group serves as wealth manager to a small number of individual and institutional clients, we are not accepting new clients for this service.

Retirement Plan Consulting Services

Aperio Group advises a limited number of 401(k) plan sponsors on the selection and monitoring of plan investment choices. Services include consulting advice on fund selection, ongoing performance evaluations, including comparing investment performance to various index and peer group benchmarks, creating Investment Policy Statements and delivering employee investment education meetings regarding asset allocation plan investment options. Retirement plan consulting is tailored to each client by reviewing each plan and its participant requirements. We are not accepting new clients for this service.

Amount of Client Assets Managed

As of December 31, 2011 the following represents the total amount of client assets under management ("AUM") by Aperio Group, LLC on a discretionary basis:

Type of Account	Assets Under Management ("AUM")
Discretionary	\$2,065,234,873
Non-Discretionary	\$0
Total:	\$2,065,234,873

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 advisor intermediaries, consultants and wealth managers (Intermediaries) acting as the primary advisor may enter into a Master Sub-Advisory Agreement with Aperio Group 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) 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 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 be refunded to the client. For services billed in arrears the client will be billed for services earned but not paid.

Wealth Management Advisory and Wealth Management Consulting Services

Wealth Management Advisory and Wealth Management Consulting 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. Fees for Wealth Management Consulting are billed following the delivery of services.

Retirement Plan Consulting Services

Retirement Plan Consulting Service clients enter into an agreement with Aperio Group describing the retirement plan advisory services to be provided, the responsibilities of Aperio Group and other terms of engagement including fees and termination. The agreement may be terminated upon written notice by the client or Aperio Group. Fees are billed for services upon completion of each assignment. The contract may be terminated by the client or Aperio Group upon written notice. Any services earned at the time of termination would be billed.

Wrap Program Services

Intermediaries may 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 Program 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 Program 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 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 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 receives 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.

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 may exist. These include, but may not be limited to: 1) the fact that 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 is generally between the Wrap Sponsor and the Wrap Client, with Aperio only communicating with the Wrap Sponsor, unless requested otherwise by the Wrap Client or Wrap Sponsor.

Aperio has no responsibility to assess the value of services provided by the Wrap Sponsor for a Wrap Client. Therefore, each Wrap Client should evaluate whether such a program is suitable for their needs, 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.

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

ITEM 5: FEES AND COMPENSATION

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 portfolios, which is outlined by product below. There is no extra fee for simple screens or exclusions for specific companies or industries. There is no extra fee for Thematic strategies such as Quality, Growth or Value customization. Fees are negotiable and may vary depending on account size and overall relationship. A minimum fee of \$3,500 may be applied; however the minimum may be lowered or waived at Aperio Group's discretion.

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

This fee is typically billed quarterly in advance based on the account value at the end of the prior quarter. A small number of accounts are billed quarterly in arrears based on the account value at the end of the period. Aperio Group manages a small number of accounts that are part of Wrap Programs. A description of Separate Account Indexing Billing and details on the Wrap Program fee arrangements are described in a separate section of Item 5 below.

Since investment advisory fees are typically billed quarterly in advance, if the contract 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 which was prepaid and not earned. For fees charged in arrears, the amount billed is prorated for the period services were earned.

Wealth Management and Wealth Management Consulting Services

Aperio Group charges an annual management fee based on a percentage of a client's account value for most Wealth Management Service clients. The fee for this service is 0.50%, and may

be subject to a \$10,000 minimum, both of which are negotiable. This fee is billed quarterly in advance.

An hourly consulting fee of \$450 is charged for consulting to a limited number of wealth management clients. This fee may be applied to advice on asset class and mutual fund selection. This fee is negotiable and is billed following delivery of the service. 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.

Retirement Plan Consulting Services

Aperio Group helps plan sponsors establish investment selection and monitoring criteria. Once established these criteria are summarized into a written Investment Policy Statement (IPS). Aperio also helps plan sponsors with their fiduciary responsibility to evaluate and monitor the performance of their core investment options, typically mutual funds. Aperio provides both third-party information and written performance evaluations for each mutual fund to help the plan sponsor evaluate investment performance and make informed decisions on their fund options. Fees can include an annual fee, flat fee, and/or hourly fee, generally not to exceed \$25,000 per engagement. Hourly fees are \$450 per hour. Fees are negotiable and subject to plan complexity. Retirement consulting services may be terminated by either party upon written notice. Fees for this service are billed following delivery of services.

Aperio Group on occasion may hold educational seminars for both individuals and qualified retirement plan participants. Examples of such seminars include "Introduction to Portfolio Management", "Employee Stock Options" and 401 (k) education. Typically a flat fee of \$1,500 per occasion is charged for this service. This fee is negotiable and billed after the service has been completed.

Separate Account Indexing and Wealth Management Billing

Fees for non-wrap program clients are typically billed quarterly in advance and are deducted directly from each client's account by their custodian and paid directly to Aperio Group, unless otherwise specified in writing by a client. The fee is calculated based on the total account value at the end of the prior quarter.

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.

Since investment advisory fees are typically billed quarterly in advance, if the contract 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 which

was prepaid and not earned. For fees charged in arrears, the amount due are prorated for the period services were provided.

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 may vary depending on the investment style selected and other factors. The annual fees currently range from 0.35% - 0.40% depending on the product offered.

Aperio Group is not generally informed of the specific fee arrangement negotiated between each Wrap Client and the Wrap Sponsor. Wrap Sponsors may 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 may 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.

The above fees are a general representation of those charged by Aperio Group and they may not apply to all circumstances. Fees may change due to particular situations. Lower fees for comparable services may be available from other sources.

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. Client assets also may be 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 ("ETFs") investments, clients are charged internal management fees, distribution fees and other expenses, 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 or hourly fees (depending on type of services provided), in accordance with SEC Rule 205(a)(1). Notably, accounts that are managed in the same investment style (*e.g.*, risk profile) may not be 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 Advisors 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

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.

While there is some flexibility, Aperio Group generally recommends clients maintain an average account balance for their separately managed equity portfolios at \$1 million or more. Wealth management clients may be subject to a \$10,000 minimum fee. Retirement plan consulting clients may be subject to a \$5,000 minimum fee. Wrap Program Accounts may be 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 which 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.

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

Methods of Analysis

Aperio Group uses computers and specialized software for managing its strategies for its separately managed account portfolios. Each strategy has a specific benchmark that it will track. The process of creating portfolios that track the broad market indexes begins with a database of company-level information on thousands of individual stocks. Computer software, both purchased and developed by Aperio Group, determines a group stocks, typically 250 – 500, that when combined have a high probability of tracking the particular index selected as the benchmark. Computers are again used to assure individual account guidelines are followed and to seek out loss harvesting trade opportunities.

For asset allocation, methods such as analysis of historical and expected returns, standard deviations and correlations among different asset classes are used in the investment process. Aperio also uses databases such as Morningstar to analyze performance and choices of mutual funds for clients.

Investment Strategies

Aperio uses quantitative tools to create separately managed portfolios designed to track major market indexes.

Active tax indexing starts with a separate portfolio tracking an index and then uses Aperio Group's systematic tax-loss harvesting software to potentially reduce taxes paid and improve after-tax returns over traditional index funds or ETFs. This after-tax benefit presumes that clients have capital gains from active managers, hedge funds, sale of low cost basis stock, or other sources suitable for offset.

Aperio Group's Thematic Beta strategy uses the Firm's quantitative tools to create portfolios with targeted investment exposures such as high dividend, quality, growth, value or geographic tilts. These portfolios are designed to track the major indexes, but with specific bets toward specific targets that increase risk of deviation versus benchmark performance.

Socially Responsive Indexing customizes the constituents of portfolios to include only those meeting the client's unique social, ethical, and governance standards. These portfolios are designed to track the major indexes, although risk versus a benchmark may increase.

For wealth management clients, advice on asset allocation and fund selection, Aperio Group follows a strategy of creating portfolios that are well diversified among several asset classes that can be achieved through use of mutual funds and ETF's with an emphasis on index funds. Selected Funds of Hedge Funds may also be used. Strategies are designed to produce the highest expected returns for clients based on their time horizon, risk tolerance, and tax situation.

The Aperio Group strategy for advising 401 (k) plan sponsors consists of recommending diversified portfolios of mutual funds and the selection of the appropriate index benchmark for performance comparisons.

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. In addition, accounts may hold small amounts of cash. 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.

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 during a twelve month period. Tracking error is a one 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 more standard deviation outcome. While not expected, the risk of a significant deviation from the index is very possible. If the deviation was negative versus the market there is a risk of significant under performance versus the index. Some accounts will perform worse than the benchmark due to random variation.

The Thematic Beta strategies add an additional 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 as socially responsive themes move in and out of favor.

For wealth management and 401 (k) advisory clients there is the risk that the funds recommended do not perform as expected. There is a risk of loss from mutual funds and ETF's and Fund of Funds, especially for small company or foreign funds. .

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 may 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.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Aperio Group and our associated persons do not have any outside financial industry activities or financial industry affiliations. From time to time Aperio Group may refer clients or prospects to wealth managers, accountants, tax specialists, attorneys, and other professionals. Furthermore, such professionals may refer their clients or prospects to Aperio Group. Referrals both to and from Aperio Group are made without any compensation or other commitment unless otherwise disclosed in this document in Item 14: Client Referrals and Other Compensation.

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 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 may transact in the same securities for their personal accounts as they may buy or sell 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 associated persons 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 requires certain personnel to report personal trades and holdings and prohibits or requires pre-clearance for certain trades in certain circumstances. The Code also contains procedures for reporting violations and enforcement. The Code is reviewed and distributed to our associated persons 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 firm wide policy statement outlining insider-trading compliance by us, our associated 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 may 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 the client takes 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 a mutual fund and may participate in calls or programs informing potential investors about the 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 Firm 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 Firm trading on behalf of clients could materially impact the execution price. Only after determining liquidity does trading commence. To prevent the potential for a conflict 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 pre-clearance of certain trades and to review all trades on a quarterly basis.

The Aperio Group Code of Ethics requires review of certain employee statements and all transactions on a quarterly 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 Firm has adopted a Code of Ethics summarized above which 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 driven primarily by the client choice of custodian to hold their assets.

- 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 most cost effective to the client to trade through the custodian's broker-dealer.
- The custodian/trading relationships recommended 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.
- 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.
- 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.

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.

Directed Brokerage

In some instances, because of a prior relationship between a client and one or more brokers, or for other reasons, 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 may, 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 Dollars Payments

- When a manager transacts with some broker-dealers the commissions paid with client funds also pay for services provided by the broker-dealer to the manager. Sometimes the manager will pay higher commissions to cover those services. This practice is called soft dollar payment.
- While Aperio Group does not engage in any specific soft dollar payment arrangements, i.e. "pay up" for any services, there are some services provided by Aperio Group's broker-dealers that are beneficial to the Firm. Some of these services are only available to managers of a large number of accounts with significant asset size. These services include brokerage, custody, website and mutual fund access, other investment offerings and research. Additional products and services made available to Aperio Group from these firms include technology providing access to client account data (such as trade confirmations and account statements); facilitating trade execution; research, pricing and

market data; facilitating payment of Aperio fees from client accounts; and assisting with back-office functions, corporate actions, record keeping, and client reporting. In addition, other services made available to advisors such as Aperio Group include publications, conferences and programs on practice management, information technology, business succession, regulatory compliance and marketing.

- Aperio Group endeavors to act in the best interests of its clients and has policies and procedures in place to achieve best execution on an overall basis. Whenever a broker-dealer is selected it is based on the broker-dealer providing an acceptable level of service and technology at a fair and reasonable price. The selection is not based on any benefit to Aperio Group. Any services provided are considered to be consistent with the standards necessary to provide investment management services to clients and avoid conflicts of interest.

Order Aggregation

As a general rule, all Aperio Group accounts are managed and traded on an individual basis. Should this change and it became necessary to bundle (aggregate) trades, a policy will be developed to insure fair and equitable treatment of all accounts and Aperio Group will amend this Brochure to include a summary of our policy and procedures.

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 may 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 reviews each account at least annually or when market events warrant. For separately managed portfolios of individual securities, a portfolio is reviewed at least quarterly to take advantage of tax-loss harvesting opportunities or to rebalance the portfolio to reduce tracking error relative to portfolio index benchmarks. An account would be reviewed if client circumstances change (e.g., change in investment goals or time horizon).

The Chief Investment Officer, Chief Compliance Officer, other partners, portfolio managers and traders all may conduct account reviews. Reviews could include compliance with account guidelines and restrictions as well as performance and tracking versus the benchmark.

Aperio Group prepares and delivers monthly or quarterly 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

Until 12/31/06, Aperio Group received client referrals from Charles Schwab & Co., Inc. ("Schwab") through Aperio Group's participation in Schwab Advisor Network ("the Service"). Aperio Group no longer receives new referrals through the Service. Clients referred by Schwab from the Service before 12/31/06 will be defined as Previously Referred Clients (PRC or PRC's). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with Aperio Group. Schwab does not supervise Aperio Group and has no responsibility for Aperio's management of PRC portfolios or Aperio's other advice or services. Aperio Group pays Schwab fees for client referrals received through the Service. Aperio Group's participation in the Service may raise the potential for conflicts of interest described below.

Aperio Group pays Schwab a Participation Fee on all PRC's accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian. The Participation Fee paid by Aperio Group is a percentage of the fees the PRC owes to Aperio Group or a percentage of the value of the assets in the PRC's account, subject to a minimum Participation Fee. Aperio Group pays Schwab the Participation Fee for as long as the PRC's account remains in custody at Schwab. The Participation Fee is billed to Aperio Group quarterly and may be increased, decreased or waived by Schwab from time to time. The Participation Fee is paid by Aperio Group and not by the PRC. Aperio Group has agreed not to charge PRC's referred through the Service fees or costs greater than the fees or costs Aperio Group charges clients with similar portfolios who were not referred through the Service. Aperio Group generally pays Schwab a Non-Schwab Custody Fee if custody of a PRC account is not maintained by, or assets in the account are transferred from Schwab. This fee does not apply if the PRC was solely responsible for the decision not to maintain custody at Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Aperio generally would pay in a single year. Thus, Aperio Group will have an incentive to recommend that PRC accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees will be based on assets in accounts of Aperio Group clients who were referred by Schwab and those referred clients' family members living in the same household. Thus, Aperio Group will have incentives to encourage household members of PRCs referred through the Service to maintain custody of their accounts and execute transactions at Schwab and to instruct Schwab to debit Aperio Group fees directly from the accounts.

For accounts of Aperio Group clients maintained in custody at Schwab, Schwab will not charge the PRC separately for custody but will receive compensation from Aperio Group clients in the

form of commissions or other transaction-related compensation on securities trades executed through Schwab. Schwab also will receive a fee (generally lower than the applicable commission on trades it executes) for clearance and settlement of trades executed through broker-dealers other than Schwab. Schwab's fees for trades executed at other broker-dealers are in addition to the other broker-dealers' fees. Thus for PRCs, Aperio Group will generally execute the trades for these clients through Schwab rather than another broker-dealer unless we believe that best execution can be obtained by placing a trade outside of Schwab.

Aperio ceased accepting clients through the Schwab Advisor Network as of 12/31/06. The above section on Compensation for client referrals applies only to Schwab Clients that were referred to Aperio through the Schwab Advisor Network prior to 12/31/06.

Other Compensation

While there is no direct link between the investment advice given to a portfolio management client and Aperio Group recommending Schwab as custodian, certain indirect economic benefits are received by Aperio Group due to this arrangement. These benefits include: a dedicated trading desk, an account services manager dedicated to Aperio Group accounts held at Schwab, access to a real time order matching system, electronic download of trades, balances and positions in the custodian's portfolio management software, duplicate and batched client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from client accounts (in accordance with federal and state requirements), and availability of their proprietary research. These products and services provide lawful and appropriate assistance to Aperio Group in the performance of Aperio's investment decision-making responsibilities.

While Aperio Group and our associated persons endeavor at all times to put the interest of the clients first, as part of Aperio's fiduciary duty, clients should be aware that receipt of additional compensation itself creates a potential conflict of interest. To help ensure that clients are receiving best execution and to address the conflict of interest surrounding this arrangement, Aperio Group performs periodic reviews of the quality of execution and services provided by Schwab.

ITEM 15: CUSTODY

Pursuant to Rule 206(4)-2 of the Advisers Act, Aperio Group is deemed to have custody of client funds solely because the firm 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 may only implement Aperio's investment management recommendations 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 may 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 with individual agreements with Aperio Group, grants Aperio Group the authority to manage their portfolio on a discretionary basis by signing a Limited Power of Attorney (LPOA) over their account. The LPOA grants 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. For client account management relationships governed by a Master Investment Advisory Agreement, the Intermediary is granted that authority by the client through an LPOA. The Intermediary through his authority to select an investment manager 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.

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 Firm determines is in 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 be cast against proposals having the opposite effect.

In cases where a client requests us to vote in a specific way on a particular company issue, Aperio Group will vote that client's proxies in accordance with their specific instructions.

Aperio Group offers specific strategies related to Socially Responsive Investing (SRI). Proxies for those clients are voted using specific SRI proxy voting criteria provided by a third party service provider and may differ from votes cast for other clients' portfolios managed by Aperio.

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, or 4) where a proxy is received for a security Aperio Group no longer manages (i.e. the Adviser had previously sold the entire position).

A client may 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.