

# Morgan Asset Management, Inc

## Part 2A of Form ADV

### The Brochure

1901 6th Ave North, 4th Floor  
Birmingham, Alabama 35203  
[http://www.regions.com/personal\\_banking/morgan\\_asset\\_management.rf](http://www.regions.com/personal_banking/morgan_asset_management.rf)

Updated: July 25, 2011

This brochure provides information about the qualifications and business practices of Morgan Asset Management a registered investment advisor with the SEC since 1986. If you have any questions about the contents of this brochure, please contact us at 877-917-8730. 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. Further, SEC registration does not imply a certain level of skill or training.

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

## Material Changes

Morgan Asset Management’s most recent update to Part 2 of Form ADV was made on October 27, 2010. Morgan Asset Management’s business activities have not changed materially since the time of that update. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by Morgan Asset Management in prior years.

## Table of Contents

Material Changes .....	2
Table of Contents .....	2
Advisory Business .....	2
Fees and Compensation .....	3
Performance Based Fees and Side-by-Side Management .....	3
Types of Clients .....	5
Methods of Analysis, Investment Strategies and Risk of Loss .....	5
Disciplinary Information .....	6
Other Financial Industry Activities and Affiliations .....	6
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	9
Brokerage Practices .....	9
Review of Accounts .....	11
Client Referrals and Other Compensation .....	12
Custody .....	12
Investment Discretion .....	12
Voting Client Securities .....	12
Financial Information .....	13
Principal Executive Officers & Management .....	12

## Advisory Business

Morgan Asset Management (“MAM”) is wholly owned by MK Holding, Inc., which is wholly owned subsidiary of Regions Financial Corp., a regional financial holding company which is a publicly held reporting company under the Securities Exchange Act of 1934.

Morgan Asset Management primarily serves as the investment adviser to Regions Morgan Keegan Trust (“RMKT”), the trust division of Regions Bank. MAM provides through its client, Regions Morgan Keegan Trust, customized investment management services to RMKT’s high-net-worth client accounts. Additionally, through its separate division, Morgan Institutional Asset Management (“MIAM”), MAM provides portfolio management services to the RMKT investment accounts of institutional clients, including corporate pension plans, public funds, foundations and hospitals meeting certain criteria.

Morgan Asset Management also provides investment advisory service to clients of another Regions Financial Corp. affiliate Morgan Keegan & Co., Inc. (“Morgan Keegan”) through its

Preferred Services Program. (Please see Morgan Keegan's Form ADV Part 2A, Appendix 1, for additional information).

Morgan Asset Management, generally in its investment advisory services to both RMKT and MK, invests its respective client assets in domestic and international stocks, bonds, mutual funds, and exchange traded funds ("ETFs"). Clients choose from growth, balanced, and conservative strategies and can impose reasonable restrictions on Morgan Asset Management's management of their accounts.

As of June 30, 2011, MAM managed \$21.88 billion on a discretionary basis on behalf of its client Regions Morgan Keegan Trust.

## **Fees and Compensation**

MAM receives an annual compensation from RMKT by written agreement to provide investment advisory services to Trust clients where applicable. Fees related to these Trust clients are typically set and negotiated by Trust Officers.

With regard to Personal Trust Accounts, most RMKT clients are charged an annual investment management fee based on the following schedule:

Fair Market Value of Assets	Annual Fee
On the first \$500,000	1.50%
On the next \$500,000	1.20%
On the next \$1,000,000	0.80%
On the next \$1,000,000	0.70%
On the balance	0.60%

When investment management and/or other services are provided to a client's account by firms not a part of Regions Financial Corporation those fees for their services will be in addition to the fees set out herein. Out-of-pocket expenses will be charged at cost.

Fees are subject to change and are computed and charged on a periodic basis as often as monthly. Fees are either billed or deducted on a monthly or quarterly basis by RMKT. When fees are for Preferred Services Accounts are in custody at Morgan Keegan (MK), MAM bills MK on a quarterly basis. MAM receives a monthly payment from RMKT through accounting.

If a client terminates the investment management agreement with Regions Morgan Keegan Trust in the middle of a billing period Regions Morgan Keegan Trust will invoice the client for an amount that is pro-rated based on the number of days that the account was managed.

If a client contributes more than \$100,000 during a quarter, RMKT will prorate the fees on this contribution. Contributions of less than \$100,000 and partial withdrawals of client assets are not pro-rated and will be reflected in RMKT's fee calculation for the entire quarter.

In addition to RMKT's investment management fees, clients bear trading costs. To the extent that RMKT clients' accounts are invested in mutual funds, these funds charge a separate layer of management, trading, and administrative expenses.

When MAM provides investment management services through its MIAM, a separate fee schedule reflecting the institutional breakpoints is applied. The fee schedule below reflects the general range of fees in connection with MAM's balanced, fixed income and equity account management for institutional clients. These fees are subject to negotiation in the sole discretion of MAM. All fees are billed or collected on a monthly or quarterly basis in arrears. The fee schedule does not include brokerage commissions, other charges associated with securities transactions with or through a broker-dealer, mark-ups or mark-downs in principal transactions, odd-lot differentials, stock exchange fees, transfer taxes or any other charges mandated by law, which charges will be separately charged to each account by the broker-dealer or other custodial entity.

#### Large Cap Equity

First \$10 million.....	0.80%
Next \$15 million.....	0.75%
Next \$25 million.....	0.40%
Next \$100 million.....	0.30%
Excess.....	0.20%

#### Small and Mid-Cap Equity

First \$10 million.....	0.90%
Next \$15 million.....	0.85%
Next \$25 million.....	0.60%
Next \$100 million.....	0.40%
Excess.....	0.30%

#### Balanced Management

First \$10 million.....	0.80%
Next \$15 million.....	0.50%
Next \$25 million.....	0.30%
Next \$25 million.....	0.30%
On balance.....	0.15%

#### Core and Intermediate Fixed Income

First \$10 million.....	0.40%
Next \$15 million.....	0.30%
Next \$25 million.....	0.25%
Next \$100 million.....	0.20%
Excess.....	0.10%

#### Enhanced Cash and Treasury Only Fixed Income

First \$10 million.....	0.25%
Next \$15 million.....	0.15%

Next \$25 million.....	0.12%
Next \$100 million.....	0.10%
Excess.....	0.08%

## **Performance Based Fees and Side-by-Side Management**

Morgan Asset Management does not charge any performance fees. Some investment advisers experience conflicts of interest in connection with the side-by-side management of accounts with different fee structures. However, these conflicts of interest are not applicable to Morgan Asset Management.

## **Types of Clients**

Morgan Asset Management, through its client Regions Morgan Keegan Trust, primarily provides customized investment management services to high-net-worth individuals, institutions and associated trusts, estates, pension and profit sharing plans, and other legal entities. Morgan Asset Management's minimum account size is generally \$100,000 but this amount is negotiable.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

Securities held in advisory accounts managed by Morgan Asset Management are not, deposits or obligations of any bank, are not endorsed or guaranteed by any bank, and are not insured by the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Board or any other governmental agency. Investments in securities involve risks, including possible loss of principal amount invested.

Morgan Asset Management's Equity and Fixed Income Research Analysts work together to conduct fundamental analysis on all securities recommended for client accounts. This analysis varies depending on the security in question. For stocks and bonds the analysis generally includes a review of:

- The issuer's management;
- The amount and volatility of past profits or losses;
- The issuer's assets and liabilities, as well as any material changes from historical norms;
- Prospects for the issuer's industry, as well as the issuer's competitive position within that industry; and
- Any other factors considered relevant.

For mutual funds and ETFs the analysis generally includes a review of:

- The fund's management team;
- The fund's historical risk and return characteristics;

- The fund's exposure to sectors and individual issuers;
- The fund's fee structure; and
- Any other factors considered relevant.

MAM has an Investment Strategy Committee, chaired by Brian B. Sullivan, CFA, Chief Investment Officer, which meets monthly that's mission is to define and develop the investment strategy for MAM. One of the key functions of the committee is to review all asset allocation guidelines, as well as provide a general outlook for the economy and the financial markets. Individual investments are evaluated independently, as well as in the context of clients' existing holdings and sector exposures.

MAM primarily invests for relatively long time horizons, often for a year or more. However, market developments could cause Morgan Asset Management to sell securities more quickly.

MAM does not engage in short selling or option writing.

All investing involves a risk of loss.

## **Disciplinary Information**

Regions Bank and AmSouth Bank merged in 2006 which resulted in AmSouth Asset Management, Inc. (AAMI) being absorbed into Morgan Asset Management (MAM). On September 23, 2008, the Securities and Exchange Commission, Los Angeles Regional Office sent to MAM, the now parent firm, a cease and desist order pertaining to events alleged to have occurred between 1999 to 2004 at AmSouth Asset Management, Inc.. AAMI and AmSouth Bank were charged with violating Sections 206(1) and (2) of the Advisors Act and Sections 12(B) and 34(B) and Rule 12B-1 of the Investment Company Act while serving as advisor to the AmSouth Funds for entering into side arrangements with Bisys Fund Services for payments of certain fees that were not properly disclosed to the AmSouth Funds' Board or shareholders. As noted, these events occurred prior to Morgan Asset Management's affiliation with AmSouth Asset Management, Inc.

The matter was settled on September 23, 2008, with AmSouth Bank and AAMI being required to pay: \$7,789,232 in disgorgement, \$2,198,952.81 in prejudgment interest and \$1,500,000 in civil monetary penalty to Pioneer Funds, which acquired the Amsouth Funds in 2005, within 30 days of the date of the order, the respondents were also required to cease and desist committing further violations of the relevant sections of the Investment Advisors Act and the Investment Company Act.

AmSouth Bank merged with Regions Bank in 2006. AAMI's business was absorbed into MAM as of the end of 2007, and AAMI's registration as an investment adviser was withdrawn in January 2008.

On April 5, 2010, Show Cause No. SC-2010-0016 was brought by a joint state proceeding involving Alabama, Kentucky, Mississippi and South Carolina, against respondents Morgan Keegan, MAM, James C. Kelsoe, Jr., Brian B. Sullivan, Gary S. Stringer and Michele F. Wood

for allegedly engaging in fraudulent, dishonest or unethical business practices, pertaining to certain mutual funds formerly managed by MAM. Respondents have filed answers and certain motions to dismiss the matters, which have been severed into separate proceedings among the four states, all of which remain pending.

On April 7, 2010, the Securities Exchange Commission (“SEC”) initiated an action to institute a cease and desist order against Morgan Keegan, MAM, James C. Kelsoe and J. Thompson Weller alleging that during various periods between January 2007 and July 2007, the daily net asset values (“NAV”) of various funds was materially inflated as a result of the fraudulent conduct of the respondents. Each fund held, in varying amounts, securities backed by subprime mortgages, many of these securities lacked the readily available market quotations and as a result, were to be internally priced by the funds’ board of directors using “fair value” methods. Under section 2(a)(41)(B) of the Investment Company Act of 1940, the funds must use market values for portfolio securities with readily available market quotations and determine fair value for all other portfolio assets. The fair value of securities for which market quotations are not readily available is the price the funds would reasonably expect to receive on a current sale of the security. Morgan Asset Management adopted its own procedures to determine the fair value to assign to portfolio securities and to validate those values periodically. Among other things, those procedures provided that quarterly reports listing all securities held by the funds that were fair valued during the quarter under review, along with explanatory notes for the fair values assigned to the securities, shall be presented to the Board for its review. The SEC has alleged that: MAM failed to fully implement this provision of its pricing policy; acting through an individual, made untrue statements of material fact concerning the funds’ performance in the funds’ annual and semi-annual reports filed with the Commission on forms N-CSR; through an individual, also defrauded the funds by providing a quarterly valuation packet reflecting inflated prices for certain securities to the Funds’ Boards; failed to disclose to the Funds’ Boards information indicating that the Funds’ NAVs were inflated and that the individual actively screened and manipulated dealer quotes and provided Fund accounting with unsubstantiated price adjustments. In addition, the prospectuses described MAM as responsible for fair valuation of the Funds’ portfolios. The SEC alleges that respondents willfully violated section 17(a) of the Securities Act, section 10(b) of the Exchange Act and Rule 10b-5, thereunder; sections 206(1), (2) and (4) of the Advisers Act and Rule 206(4)-7 thereunder; section 34(b) of the Investment Company Act; willfully aided and abetted and violated Rule 22c-1 under the Investment Company Act; and willfully aided and abetted and violated Rule 38A-1 promulgated under the Investment Company Act. The matter remains pending.

On June 22, 2011, the Securities and Exchange Commission (the “SEC”) and the securities commissioners or divisions in the states of Alabama, Kentucky, South Carolina, Tennessee and Mississippi announced settlements with Morgan Asset Management, Inc. (“MAM”), Morgan Keegan & Co., Inc. (“MK”), an individual previously associated with MAM, and in the SEC order another individual who was associated with MK, of administrative proceedings initiated by those regulators in 2010. The Financial Industry Regulatory Authority also (“FINRA”) announced a settlement with MK. The SEC order found that MAM violated Sections 206(1), 206(2) and 206(4) of the Investment Advisers Act of 1940 (prohibiting certain fraudulent activities by advisers) and Rule 206(4)-7 thereunder (requiring advisers to maintain compliance policies and procedures), and Section 34(b) of the Investment Company Act of 1940 (the “1940

Act”) (prohibiting material misstatements or omissions in registration statements, reports and other documents filed with the SEC), and aided and abetted and caused violations of Rules 22c-1 (pertaining to the net asset value pricing of fund shares) and 38a-1 (requiring funds to maintain compliance policies and procedures) under the 1940 Act. The SEC order found that MK violated Rule 22c-1 under the 1940 Act, and aided and abetted and caused violations of Section 34(b) of the 1940 Act and Rule 38a-1 thereunder. The SEC order made additional findings with respect to the two individuals. The SEC findings as to MAM all related to the failure to comply with the “fair value” valuation standards adopted by certain funds (the “funds”) formerly managed by MAM and distributed by MK for the valuation of securities held by those funds, for which readily available market quotations were not available. In particular, the SEC order found that MAM failed to disclose to the boards of the funds that it was not complying with the funds’ valuation procedures with respect to these securities, that it failed to have adequate policies and procedures in place, that it made material misrepresentations concerning a fund’s performance in its reports and records, and submitted inflated prices for such securities for the fund’s net asset value calculations and records supporting its financial statements, and that it aided and abetted and caused violations by the funds with respect to their net asset value calculations and failure to implement their fair valuation procedures. The State orders each listed the following practices by MAM and/or MK as violations of their respective state laws: MAM’s and/or MK’s failure to disclose the risks associated with investments in the funds in filings, disclosure and marketing materials; misclassification of asset backed securities; the use of not directly comparable industry benchmarks; the incorrect characterization of the funds and their holdings in certain marketing and disclosure materials; inappropriate comparison of investment returns; misleading marketing materials; failure to supervise employees, agents and associated persons in activities relating to the funds and failure to enforce supervisory procedures; failure to make suitable investment recommendations to some investors; and failure to review customer accounts, correspondence and marketing materials. Other findings are made against the settling individual named in the state actions. The FINRA order against MK (a Letter of Acceptance, Waiver and Consent submitted by MK) found violations of NASD Conduct Rules 2110, 2210, 2210(c), 2210(d), 3010(a), 3010(b) with regard to statements in certain marketing materials for a fund and MK’s supervisory procedures for advertising activities. These orders resolved the administrative proceedings initiated by the regulators as to MAM, MK and the two individuals, although in the case of other individuals the state proceedings are continuing.

MAM and MK agreed to pay an aggregate amount of \$210 million under the orders, \$200 million of which will be put into a Fair Fund for the benefit of certain fund investors, and to comply with certain other undertakings. The individuals agreed to certain sanctions under the order(s). The SEC and state orders also resolved pending actions against a former MAM portfolio manager, and in addition the SEC order resolved charges against a former MK Controller. Copies of the orders are available on the respective regulator’s website.

MAM and MK did not admit or deny the findings (except as to jurisdiction) in the SEC or FINRA orders. With respect to the state orders, MAM and MK admitted jurisdictional allegations, and certain statements relating to the maintenance of books and records. In addition to the monetary sanctions, the SEC order censured MAM and MK and imposed a cease and desist order upon them. MAM’s Form ADV provides additional information regarding these matters.



## **Other Financial Industry Activities and Affiliations**

Regions Financial Corporation is a large financial services institution with various subsidiaries. Among them is MK Holding Inc., the parent company of MAM. MK Holding Inc. is also the parent company of a separate SEC-registered investment advisor, Fund Management, Inc. MAM is not aware of any actual or potential conflicts of interest resulting from this affiliation.

Morgan Keegan, a dually-registered broker-dealer and investment adviser, is a wholly owned subsidiary of Regions Financial. MAM's client RMKT pays a flat annual fee to Morgan Keegan to allow its clients to access Morgan Keegan's fee-based programs, as well as use of its financial planning and investment proposal services. This fee is not dependent upon assets invested. MAM, thus, may recommend to RMKT clients investment services of third-party managers offered through Morgan Keegan's fee-based programs and also may recommend use of alternative investment products available through Morgan Keegan. MAM receives no compensation as a result of any such recommendation.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Morgan Asset Management has adopted a written Code of Ethics that is applicable to all employees. The Code, among other things, requires Morgan Asset Management employees to act first and foremost in the clients' best interests, to abide by all applicable regulations, and to avoid even the appearance of any potential conflict of interest or any abuse of their position of trust.

Morgan Asset Management's employees are generally permitted to trade securities alongside client accounts as long as their transactions are submitted for pre-clearance review and approval. The review examines whether the employee's pre-clearance request to purchase or sell a security would occur within a "Blackout Period" set by Compliance has expired. The Chief Compliance Officer or her designee monitors employee trading, relative to client trading, to ensure that employees do not engage in restricted transactions. Further, the Chief Compliance Officer does not grant preclearance where it would appear that an employee's trading could disadvantage a client.

Morgan Asset Management's restrictions on personal securities trading apply to all employees, as well as the employees' family members living in the same household. A copy of Morgan Asset Management's code of ethics is available upon request.

## **Brokerage Practices**

Morgan Asset Management by necessity of the management of portfolios must trade securities on behalf of the clients of Regions Morgan Keegan Trust where their assets are held in custody. All transactions are executed on an agency basis through a variety of available brokers who have met the requirements of the Best Execution/Soft Dollar Committee. MAM acknowledges that a client bears an expense when trading both in the form of commissions and other transaction costs however, Morgan Asset Management will endeavor to keep these costs as low as possible within the constraints of proper portfolio management.

### Soft Dollar Benefits

Morgan Asset Management receives certain research products and services from a variety of providers at discounted rates from the utilization of commissions as soft dollar credits. The purchase of such research material is based on using said products strictly to assist Morgan Asset Management in its investment decision-making process. These products and services may include but are not limited to portfolio management systems and software that supports MAM's research processes. Some of the providers of these systems and software include: Advent, Bloomberg, Dow Jones, FactSet, Gimme Credit, Lipper, Moody's, Morningstar, NYSE, Reuters, Standard and Poor's, Thomson Financial and Value Line. Commissions may be used as soft dollars to purchase these research products and services, provided that:

- The service must be for the primary benefit of client accounts managed by MAM, and
- The commissions rates paid must be competitive with rates paid by MAM to other brokers.

Currently, transactions are executed through three institutions identified by MAM as "Soft Dollar Brokers" to include the Bank of New York ConvergeEx, Bridge Gateway Trading and Sungard Institutional Brokerage, Inc. because these firms have met the requirements noted above.

### The Selection of Trading Counterparties

Morgan Asset Management performs an annual qualitative and quantitative broker review procedure to establish a list of firms that can execute exchange traded securities and mutual funds. The Best Execution/Soft Dollar Committee utilizes the review to engage in brokerage agreements with those firms capable of providing the maximum value for the client. The review is performed by an Equity Research Analyst.

Fixed income transactions are based on the availability and pricing of bonds which will vary more widely with fixed income dealers. Prior to placing a bond trade, MAM fixed income traders solicit bids from several dealers and then execute the trade with the dealer that offers sufficient liquidity and the most favorable pricing.

For clients who elect to have their accounts held by firms other than Regions Morgan Keegan Trust, the accounts are classified as outside custody accounts. It is the policy of MAM not to execute trades for these outside custodian accounts.

#### Directed Brokerage Accounts

Morgan Asset Management allows, but does not encourage, RMKT clients to designate a specific broker for the execution of their respective trade orders providing no fiduciary standards are violated by the designation. Orders designated to a specific broker will be considered market orders.

It is the policy of Morgan Asset Management to require that all client instructions to direct transactions in client accounts to a specific broker-dealer be in written form to include the following disclosure:

- MAM may not be authorized under these circumstances to negotiate commissions with and may not be able to obtain volume discounts or best execution for transactions placed with the broker-dealer designated; and
- There may be disparity between the commissions charged to the transactions directed to the broker designated on this form and the commissions charged to transactions otherwise placed by or on behalf of other clients of MAM.

#### Best Execution Reviews

Morgan Asset Management's Best Execution/Soft Dollar Committee meets on a quarterly basis to review the execution performance of brokers that were selected to execute client transactions. Committee members continue to evaluate the pricing and services offered by the trading counterparties with those offered by other reputable firms. The Committee contracts with an independent research company, Global Trading Analytics (GTA), to compare the trading activity of approximately 200 firms. MAM has sought to make a good-faith determination that these chosen trading counterparties provide clients with good services at competitive prices. However, clients should be aware that this determination could have been influenced by MAM's receipt of products and services from research providers. However, as previously noted, the brokers whose agreements include "soft dollar" arrangements are also reviewed on this quarterly basis to ensure they continue to meet MAM's criteria.

#### Aggregated Trades

Morgan Asset Management typically aggregates client trades in an effort to treat all clients fairly. Clients participating in a bunched order receive the same average price and incur a reduced trading cost than they would have paid if they were trading individually. If an order is partially filled, clients will have their orders fully filled on a pro-rata basis. MAM will seek to complete any unfilled client orders on the next trading day.

### **Review of Accounts**

All accounts assigned to a Morgan Asset Management Portfolio Manager will be reviewed at least quarterly with regard to the account's asset allocations versus its target allocation. The review will also include the levels of available cash for investing as related to the client's stated investment objectives.

Regions Morgan Keegan Trust has a policy to prepare an annual investment review on each Trust account for which discretion is retained. These reviews are prepared for presentation to the Trust Review Committee whose primary responsibilities are to determine the appropriateness of retaining any concentrated holding(s) of assets, to determine whether the investments meet the accounts objectives, and to determine if a change in a portfolio position is appropriate. A MAM Portfolio Manager is a member of the review committee.

Clients receive account statements directly from their chosen custodian on at least a quarterly basis. Morgan Asset Management may supplement these custodial statements with individualized reports provided during client meetings or as requested.

## **Client Referrals and Other Compensation**

Morgan Asset Management does not receive any other economic benefits from non-clients in connection with the provision of investment advice to clients.

## **Custody**

Morgan Asset Management does not custody any client accounts.

## **Investment Discretion**

Generally, client accounts managed by Morgan Asset Management are managed on a fully discretionary basis subject to limitations imposed by client investment objectives and other regulatory limitations. Any limitations on this authority must be stated in writing. Clients may amend any such limitations as needed and these amendments must also be in writing. A non-discretionary agreement may also be arranged, in which MAM makes recommendations only, which the client may choose to accept, reject or modify. The fully discretionary service includes granting MAM the right to choose brokers and negotiate commissions' levels.

## **Voting Client Securities**

Morgan Asset Management has adopted proxy voting procedures for voting proxies on behalf of clients. MAM has retained ISS Proxy Advisory Services ("ISS") to vote proxies on its behalf. MAM's proxy voting procedures seek to ensure that proxies are voted in the best interest of its RMKT clients. The procedures contemplate various proposals that may arise and a predetermined manner in which MAM will vote or circumstances under which MAM will conduct further review before determining the manner in which it will vote.

The Morgan Asset Management procedures include: (i) how MAM will oversee the proxy voting vendor, ISS; (ii) record-keeping requirements; (iii) handling of client requests for information; and (iv) management of conflicts of interest.

RMKT clients of MAM may obtain a complete copy of the procedures and records of how their respective securities were voted by writing to:

Morgan Asset Management

1901 6<sup>th</sup> Avenue North, 4<sup>th</sup> Floor  
Birmingham, AL 35203

## **Financial Information**

Morgan Asset Management has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.

## **Principal Executive Officers and Management**

J. Kenneth Alderman

Year of Birth: 1952

Education: B.S. Accounting, Auburn University, 1973; M.B.A. Florida State University, 1976

Designations: Chartered Financial Analyst, 1989; Certified Public Accountant, 1975.

Memberships: Association for Investment Management and Research (AIMR), Alabama Society of Financial Analysts, American Institute of Certified Public Accountants, Alabama Society of Certified Public Accountants, Birmingham Venture Capital Club.

Business and Investment Experience:

Mr. Alderman has worked for Regions Bank since 1988 in the trust area and also currently serves as President of Regions Morgan Keegan Trust. Mr. Alderman joined MAM in 2002 as Vice Chairman and CEO.

Brian B. Sullivan

Year of Birth: 1955

Education: 1977, B.A. from the University of the South, Sewanee, Tenn., and 1979, M.B.A., Finance, Tulane University, New Orleans, LA.

Business and Investment Experience:

Mr. Sullivan joined AmSouth Bank in August 1982 as the head of Asset Management. During his career he has continued to be a valuable asset to AmSouth Bank by holding various positions within the investment advisor area of AmSouth Bank. On July 6, 2006, he became President of the former AmSouth Asset Management, Inc. and on November 6, 2006, was appointed President of MAM.

John Boston

Year of Birth: 1964

Education: B.S. in Finance/Political Science, University of North Alabama, 1987.

Designations: Chartered Financial Analyst

Business and Investment Experience: Mr. Boston is the Director of Fixed Income for MAM. He has been with the legacy AmSouth and now MAM asset management group since 1987.

Gary Partridge

Year of Birth: 1955

Education: B.S. in Corporate Finance and Investments, University of Alabama, 1977; M.B.A., Auburn University, 1979; Doctoral work in Economics, Auburn University, 1983-85.

Designations: Chartered Financial Analyst

Business and Investment Experience: Mr. Partridge is the Director of Fixed Income Research for MAM. He has been with the asset management group for legacy AmSouth and now MAM since 2001.

Guillermo Araoz

Year of Birth: 1971

Education: B.A. in Economics from the University of California-Davis; M.A. from the Johns Hopkins School of Advanced International Studies.

Designations: Chartered Financial Analyst

Business and Investment Experience: Mr. Araoz is the Director of Equity Research for MAM. He has been with MAM since 2003. Prior to that, Mr. Araoz worked in the investment banking areas of Goldman Sachs and J.P. Morgan.

Charles A. Murray

Year of Birth: 1948

Education: B.S., University of Alabama, 1970

Designation(s): Chartered Financial Analyst, 1993. Member: CFA Society of Alabama, Association for Investment Management and Research (AIMR).

Business and Investment Experience: Mr. Murray has worked at Regions Bank or its predecessor banks since 1972 and worked in investment portfolio management since 1974. Mr. Murray joined MAM as a Senior Portfolio Manager in 2002.

Matt R. Smith

Year of Birth: 1957

Education: B.S. and M.A. in Finance, University of Alabama

Designation(s): Chartered Financial Analyst. Member: CFA Society of Alabama

Business and Investment Experience: Mr. Smith joined AmSouth Bank in 1988 and has been with legacy AmSouth/Regions since. Currently, Mr. Smith is a regional portfolio management head for MAM covering Alabama and Georgia.

James D. Lincicome

Year of Birth: 1955

Education: B.S. in Engineering Management, University of Missouri-Rolla; M.A. in Business Administration, University of Texas-Pemian Basin

Designations: Chartered Financial Analyst. Member: CFA Society of Arkansas

Business and Investment Experience: Mr. Lincicome joined MAM in March 2008 and currently serves as the regional portfolio management head for Arkansas, Texas, Missouri, Illinois, Iowa, Indiana and Kentucky. Prior to joining MAM, Mr. Lincicome was a Senior Portfolio Manager with BKD Wealth Advisors.

George S. Linardos

Year of Birth: 1962

Education: B.S. and M.B.A., University of Tampa

Designation(s): Chartered Financial Analyst. Member: Past President of CFA Society of Tampa Bay.

Business and Investment Experience: Mr. Linardos joined the firm in 2001 and is the regional portfolio management head for Florida. Prior to joining AmSouth/Regions, Mr. Linardos spent 16 years at a large financial corporation in Tampa as manager of the research and due diligence department.

John Mark Mckenzie

Year of Birth: 1955

Education: B.B.A. in Banking and Finance, J.D., University of Mississippi

Designation(s): Chartered Financial Analyst. Member: Mississippi Bar Association

Business and Investment Experience: Mr. McKenzie joined the firm in 1999. He is currently a regional portfolio management head for Tennessee. Mr. McKenzie has previously served as a portfolio manager for several mutual funds. He began his career as a portfolio manager with Mississippi Bank, later joining Deposit Guaranty and First American, which were bought by AmSouth.

Christopher J. Burke

Year of Birth: 1965

Education: B.S. in Business Administration and M.S. in Finance from Louisiana State University

Designation(s): Chartered Financial Analyst.

Business and Investment Experience: Mr. Burke has been with MAM since 2003 and is a portfolio manager in Baton Rouge, Louisiana. Prior to joining MAM, Mr. Burke spent five years as the Director of Research for an institutional investment management consulting firm based in Dallas, four years as a mutual fund analyst with a regional broker-dealer in St. Louis and three years as an investment representative with brokerage firms in Missouri and Louisiana. Mr. Burke currently heads MAM's asset allocation committee.

Francesca A. Smitherman

Year of Birth: 1974

Education: B.S. in International Finance and M.A. in Banking and Finance, University of Alabama

Designations: Chartered Financial Analyst

Business and Investment Experience: Ms. Smitherman is an equity analyst with MAM and prior to the AmSouth/Regions merger served in that capacity with legacy AmSouth Asset Management Inc.

David Tannehill

Year of Birth: 1961

Education: B.B.A. and M.B.A., University of Mississippi

Designations: Chartered Financial Analyst

Business and Investment Experience: Mr. Tannehill has been a portfolio manager with MAM since 2004. Prior to joining MAM he was with Commerce Capital Management, and from 1992-2001, worked in Morgan Keegan's Equity Research Department.

Ryan DeRieux

Year of Birth: 1979

Education: B.S., University of Alabama (Major: Finance, Minor: Economics); J.D. Cumberland School of Law

Designations: Member of Alabama State Bar

Business and Investment Experience: Mr. DeRieux joined MAM in 2007 in the Alternative Strategies Group. Prior to that, he was an attorney in private practice and was a due diligence officer for Direct Investments for ProEquities.

#### OTHER BUSINESS ACTIVITIES

Officers of Morgan Asset Management also have responsibilities at its corporate affiliate, Regions Morgan Keegan Trust.

Mr. Alderman spends less than 5% of his time for MAM and more than 95% of his time for Regions Morgan Keegan Trust.