

Part 2A of Form ADV: *Firm Brochure*

Ativo Capital Management LLC

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09/20/2013

This brochure provides information about the qualifications and business practices of Ativo Capital Management. If you have any questions about the contents of this brochure, please contact us at 312-263-7600 or rbekin@ativocapital.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.

Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about Ativo Capital Management also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by using our firm name or a unique identifying number, known as a CRD number. Our firm's CRD number is 125303.

Item 2 Material Changes

This Firm Brochure provides you with a summary of Ativo Capital Management's advisory services and fees, professionals, certain business practices and policies, as well as actual or potential conflicts of interest, among other things. This Item is used to provide our clients with a summary of new and/or updated information; we will inform of the revision(s) based on the nature of the information as follows.

1. Annual Update: We are required to update certain information at least annually, within 90 days of our firm's fiscal year end (FYE) of December 31. We will provide you with either a summary of the revised information with an offer to deliver the full revised Brochure within 120 days of our FYE or we will provide you with our revised Brochure that will include a summary of those changes in this Item.
2. Material Changes: Should a material change in our operations occur, depending on its nature we will promptly communicate this change to clients (and it will be summarized in this Item). "Material changes" requiring prompt notification will include changes of ownership or control; location; disciplinary proceedings; significant changes to our advisory services or advisory affiliates – any information that is critical to a client's full understanding of who we are, how to find us, and how we do business.

The following summarizes new or revised disclosures based on information previously provided in our Firm Brochure dated 6/21/2013.

Item 4 was updated to reflect current assets under management.

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Item 4 Advisory Business

Ativo Capital Management, LLC (or “Ativo” or the “firm”) is an SEC-registered investment adviser with its principal place of business located in Chicago, Illinois. Ativo began conducting business in 2001.

Listed below are the firm’s controlling owners or ownership group (i.e., those individuals and/or entities controlling 51% or more of this company):

- Ricardo Bekin, Chief Investment Officer

For information on Ativo’s portfolio management services please contact:

Michael Brooks
Director - Client Services
312-263-7600 x208
mbrooks@ativocapital.com

Ativo offers the following advisory services to our clients:

PORTFOLIO MANAGEMENT

Our firm provides continuous asset management of client funds. Ativo Capital Management offers a variety of long-only equity portfolios to clients as a separately managed account (SMA) permitting the client to select an appropriate strategy or strategies based on their needs. Once the client confirms suitability, the portfolio is managed accordingly to the portfolio’s goal, rather than on each client’s individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the equities to be held in their account. Generally, we manage these advisory accounts on a discretionary basis. Clients retain individual ownership of all securities.

Ativo also makes its portfolios available through selected broker/dealers where the broker initially determines whether the portfolio is suitable to the client’s circumstances. Once the broker confirms suitability, the portfolio is managed according to the portfolio’s goal, rather than on each client’s individual needs. Clients, nevertheless, have the opportunity to place reasonable restrictions on the equities to be held in their account. We manage these advisory accounts on a discretionary basis. Clients retain individual ownership of all securities. We manage these advisory accounts on a discretionary basis. A client’s account selection is guided by the client’s specifications (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations where required.

Once the client’s portfolio has been established, we review the portfolio composition each week and update the portfolios as required based on our current portfolio recommendations.

Our portfolio investment strategies are designed by Ativo Capital Management and will generally include advice regarding the following securities:

- Domestic exchange-listed securities

- Domestic securities traded over-the-counter
- Foreign securities traded in the US and in foreign markets

Because some types of investments involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

MODEL PORTFOLIO MANAGEMENT

Our firm provides continuous portfolio management services to model-based unified managed account platforms (UMA) which may also be described as a wrap fee program. Each model portfolio is designed to meet a particular investment goal.

Ativo makes its portfolios available through selected broker/dealers and registered investment advisors. There, the broker or investment advisor representative initially determines whether the portfolio is suitable to a particular client's circumstances based on its suitability or appropriateness. The portfolio is then managed according to the portfolio's goal, rather than on each client's individual needs. We advise and structure these model-based accounts on a discretionary basis using the same approach as we do for our separately managed account clients. Generally, the only differences are due to client imposed restrictions. Clients retain individual ownership of all securities. Ativo receives a portion of the wrap fee for its services.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer and will generally include the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign securities traded in the US

EQUITY RESEARCH

Ativo provides single stock research reports for approximately 17,000 US and international traded equity securities. Ativo's research and analysis is available through a limited number research distributors and financial firms.

Ativo formulates a buy, hold or sell recommendation based on its quantitative investment research process using fundamental data taken from publically available reports. These research reports are updated weekly.

AMOUNT OF MANAGED ASSETS

As of 8/31/2013, Ativo was actively managing approximately \$546.8 million of clients' total assets or AUM, of which approximately \$546.6 million in AUM is managed on a discretionary basis and approximately \$187,000 is non-discretionary AUM.

Item 5 Fees and Compensation

PORTFOLIO MANAGEMENT SERVICES FEES

Ativo's annual fees for Portfolio Management Services are based generally upon a percentage of assets under management and are generally 1.00% annually for separately managed accounts or as negotiated. Upon agreement with a client or in other circumstances, we may also charge performance-based fees exclusively or in addition to other types of fees (please see Item 6 below).

Limited Negotiability of Advisory Fees: Although Ativo Capital Management LLC has established the aforementioned fee, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client relationship, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

Discounts, not generally available to our advisory clients, may be offered to family members and associated persons of our firm and its affiliates.

Generally, our fees are billed quarterly, in arrears, at the end of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the account at the end of the quarter unless the wrap fee provider requires billing in advance. Fees may be debited from the account. However, if the client or its custodian does not permit direct debiting, Ativo will bill the client directly or as directed by the client.

MODEL PORTFOLIO MANAGEMENT FEES

Our fees for Model Portfolio Management Services are negotiated with the model-based unified managed account (UMA) platform provider. Ativo's advisory fees are not negotiable by the account owner.

Our fees are billed quarterly, in advance, at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value), of the account at the end of the previous quarter. Fees will be debited from the account.

A minimum of \$100,000 of assets under management is generally required for each UMA portfolio.

GENERAL INFORMATION

Termination of the Advisory Relationship: Generally, a client agreement may be canceled at any time, by the client for any reason upon written notice, and by Ativo upon the provision of 30 days written notice to the client. As disclosed above, certain fees are paid in advance of services provided. Upon termination of any account, any prepaid, unearned fees will be promptly refunded. In calculating a client's reimbursement of fees, we will pro rate the reimbursement according to the number of days remaining in the billing period.

Wrap Fee Programs and Separately Managed Account Fees: Clients participating in separately managed account programs may be charged various program fees in addition to the advisory fee charged by our firm. Such fees may include the investment advisory fees of the independent advisers, which may be charged as part of a wrap fee arrangement. In a wrap fee arrangement, clients pay a single fee for advisory, brokerage and custodial services. Client's portfolio transactions may be executed without commission charge in a wrap fee arrangement. In evaluating such an arrangement, the client should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the client's account, and other factors, the wrap fee may or may not exceed the aggregate cost of such services if they were to be provided separately. We will review with clients any separate program fees that may be charged to clients.

Additional Fees and Expenses: In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Ativo Capital Management LLC's minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

ERISA Accounts: Ativo Capital Management LLC is deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Security Act of 1974, as amended ("ERISA") or individual retirement accounts (IRAs). As such, our firm is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions under ERISA, Ativo Capital Management LLC may only charge fees for investment advice about products for which our firm and/or our related persons do not receive any commissions or 12b-1 fees, or conversely, investment advice about products for which our firm and/or our related persons receive commissions or 12b-1 fees, however, only when such fees are used to offset Ativo Capital Management LLC's advisory fees.

Advisory Fees in General: Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

Limited Prepayment of Fees: Under no circumstances do we require or solicit payment of fees in excess of \$1200 more than six months in advance of services rendered.

EQUITY RESEARCH FEES

Ativo negotiates fees for our research services on an individual client basis. We generally base our negotiations on the firm's client base, number of clients, complexity of the report and the general range of compensation paid by other clients for the same or similar research among other considerations.

Fees are generally paid quarterly and may range up to \$160,000 annually depending on the above items.

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

PERFORMANCE-BASED FEES

Ativo will accept a performance-based fee from a client. Such a performance-based fee is calculated based on a share of the capital changes of the assets of the client. Performance-based fees are not available to individual clients, but are only available to institutions as mutually agreed.

Whether a performance-based fee or a flat percentage of assets fee is utilized, clients should be aware that accounts using the same portfolio strategy will be managed identically but for client imposed restrictions.

Item 7 Types of Clients

Ativo Capital Management LLC provides portfolio management services to the following types of clients:

- Individuals (other than high net worth individuals)
- High net worth individuals
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Institutional clients such as state or municipal government entities
- Endowments and foundations
- Model-based unified managed account (UMA) platforms

Ativo Capital Management LLC provides securities research to the following types of clients:

- Banks

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

METHODS OF ANALYSIS

Ativo's investment approach is firmly rooted in sound financial theory—we rigorously apply discounted cash flow return on investment methodologies. We combine quantitative methodologies with a fundamental overlay to actively manage long-only international and domestic portfolios in a systematic and highly disciplined way.

The portfolio decision making process is primarily quantitative and driven by three factors. The first and most heavily weighted factor is valuation. Ativo establishes the intrinsic value of each stock in our investable universe by converting publically available accounting data into a current cost accounting format in order to calculate real economic performance and growth rates of firms. We also calculate company-specific discount rates and utilize life-cycle theory to determine fade-rates in company growth. Stocks with the highest intrinsic value are thereby identified. Secondly, Ativo ranks stocks based on operating momentum factors such as growth rates in assets, sales, earnings, and return on investment. Finally, Ativo utilizes a set of proprietary momentum factors that allow us to determine the stocks that are likely to outperform in the short- to mid- term. These three primary factors are combined to assign an Ativo Attractiveness Score to each stock in our investment universe. The stocks ranked highest are given first preference for inclusion in a portfolio.

Portfolio construction begins with the Ativo Attractiveness Scores, along with ranking every security subject to market cap, trading volume, and compliance screens. We then scale and adjust the rank of every security based on four factors – country ranking under our proprietary Country Attractiveness Model (if applicable), current portfolio exposure to sectors and industries, market cap, and style. We then consider the securities with the highest adjusted rank as portfolio candidates, subject to a final qualitative assessment that takes into account basic facts about each company and breaking news, such as M&A, political, and regulatory events. We size selected portfolio positions with great care by 1) overweighting stocks with a relatively high Ativo Attractiveness Score, 2) using our top-down Country Attractiveness Model to adjust country exposure, and 3) appropriately adjusting the weights between large cap and small cap stocks to mitigate any small cap bias that develops

RISK OF LOSS

Ativo attempts to mitigate portfolio risks by incorporating risk management throughout the entire investment process. Our approach to risk management has six pillars: client constraints and exclusions, attribution analysis, on-going monitoring, a disciplined sell-discipline, and current-event monitoring. Ativo foster a compliance culture, however, when investing in securities various risks will always apply. These risks include but are not limited to, decisions based on quantitative models, equity market risk, liquidity risk, market capitalization risk, and risk in investing in non-US and emerging market securities.

All investments involve risks, including the loss of principal invested. Past performance does not guarantee future results or success. In addition, the performance of foreign securities can be adversely affected by the different political, regulatory and economic environments and other overall economic conditions in the countries where the portfolio is invested.

The portfolio is actively managed, which means that the Ativo may frequently buy and sell securities. Frequent trading increases a portfolio's portfolio turnover rate and may increase transaction costs, such as brokerage commissions and taxes. Increased transaction costs could detract from the portfolio's performance.

Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Clients should be aware that the receipt of additional compensation by Ativo Capital Management LLC and its management persons or employees creates a potential conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Ativo Capital Management LLC endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this potential conflict:

- we disclose to clients the existence of all material conflicts of interest;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- our firm's management conducts regular reviews of each client account to verify that all client accounts conform to portfolio strategies and client guidelines;
- we require that our employees disclose any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

OTHER BUSINESS ACTIVITIES

Ricardo Bekin, Chief Investment Officer of Ativo Capital Management LLC is also the Managing Member for Ativo Research LLC which is a securities research affiliate firm to Ativo Capital Management, LLC.

Ativo Research may recommend Ativo Capital Management to its research clients in need of advisory services. Ativo Capital Management may recommend Ativo Research to advisory clients in need of research services. Research services provided by Ativo Research are

separate and distinct from the advisory services of Ativo Capital Management and are provided for separate and typical compensation. There are no referral fee arrangements between Ativo Capital Management and Ativo Research for these recommendations. No Ativo Capital Management client is obligated to use Ativo Research for any research services and no Ativo Research client is obligated to use Ativo Capital Management for any advisory services.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Ativo Capital Management LLC and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly employee securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities including those in a limited offering (e.g., private placement) or an initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

Ativo Capital Management LLC's Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to rbekin@ativocapital.com, or by calling us at 312-263-7600.

Ativo Capital Management LLC and individuals associated with our firm are prohibited from engaging in principal transactions.

Ativo Capital Management LLC and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Our Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

Our firm and/or individuals associated with our firm may buy or sell for their personal accounts securities identical to or different from those recommended to our clients. In addition, any

related person(s) may have an interest or position in a certain security(ies) which may also be recommended to a client.

It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account, thereby preventing such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

We may aggregate our employee trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our employee accounts will be included in the pro-rata allocation.

As these situations represent actual or potential conflicts of interest to our clients, we have established the following policies and procedures for implementing our firm's Code of Ethics, to ensure our firm complies with its regulatory obligations and provides our clients and potential clients with full and fair disclosure of such conflicts of interest:

1. No principal or employee of our firm may put his or her own interest above the interest of an advisory client.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is a result of information received as a result of his or her employment unless the information is also available to the investing public.
3. It is the expressed policy of our firm that no person employed by us may purchase or sell any security prior to a transaction(s) being implemented for an advisory account. This prevents such employees from benefiting from transactions placed on behalf of advisory accounts.
4. Our firm requires prior approval for any IPO or private placement investments by related persons of the firm.
5. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a periodic basis by Compliance or its review designee.
6. We have established procedures for the maintenance of all required books and records.
7. Clients can decline to implement any advice rendered, except in situations where our firm is granted discretionary authority.
8. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
9. We require delivery and acknowledgment of the Code of Ethics by each supervised person of our firm.

10. We have established policies requiring the reporting of Code of Ethics violations to our senior management.
11. Any individual who violates any of the above restrictions may be subject to internal sanctions, including and up to termination.

Item 12 Brokerage Practices

Broker-Dealer Selection and Soft Dollars

For discretionary clients, Ativo requires these clients to provide us with written authority to determine the broker dealer to use and the commission costs that will be charged to these clients for these transactions.

These clients must include any limitations on this discretionary authority in this written authority statement. Clients may change/amend these limitations as required. Such amendments must be provided to us in writing.

Ativo will endeavor to select those brokers or dealers which will provide the best services at the lowest commission rates. The reasonableness of commissions is based on a number of factors, including the broker's stability, reputation, ability to provide professional services, competitive commission rates and prices, market settlement capabilities, research, trading platform, and other services which will help Ativo in providing investment management services to clients. Ativo may therefore recommend the use of, or engage, a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance. Research services may be useful in servicing all our clients, and not all of such research may be useful for the account for which the particular transaction was effected.

Consistent with seeking best execution for clients, Ativo may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to Ativo and, indirectly, to Ativo's clients. These services, sometimes referred to as "soft dollar" services or client commission arrangements, are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client (and done at our discretion).

Research services obtained through the use of soft dollars or client commission arrangements may be developed by brokers to whom brokerage is directed or by third-parties which are compensated by the broker. Ativo does not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help us to fulfill our overall duty to our clients. Ativo may not use each particular research service, however, to service each client.

As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Broker-dealers we select may be paid commissions for effecting transactions for our clients that exceed the amounts other broker-dealers would have charged for effecting these transactions if Ativo determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or our overall duty to its ('brokerage') discretionary client accounts.

Certain items obtainable with soft dollars may not be used exclusively for either execution or research services. The cost of such "mixed-use" products or services will be fairly allocated and Ativo makes a good faith effort to determine the percentage of such products or services which may be considered as investment research. The portions of the costs attributable to non-research usage of such products or services are paid by our firm to the broker-dealer in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934 or may be paid directly to the vendor.

When Ativo uses client brokerage commissions to obtain research or brokerage services, we receive a benefit to the extent that Ativo does not have to produce such products internally or compensate third parties with our own money for the delivery of such services. Therefore, such use of client brokerage commissions results in a conflict of interest, because we have an incentive to direct client brokerage to those brokers who provide research and services we utilize, even if these brokers do not offer the best price or commission rates for our clients.

The types of research and brokerage services we will obtain on a soft-dollar basis included, but are not limited to: compilations of securities prices, earnings, dividends and similar market, financial and other economic data; software that provides analyses of securities portfolios; software and communications services related to the execution, clearing and settlement of securities transactions; and other brokerage and research services.

Examples of specific products and services include those provided by Standard & Poor's, MSCI, NYFIX, and Russell.

Block Trading

Ativo Capital Management LLC will block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block.

Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Ativo Capital Management LLC will typically aggregate trades among clients whose accounts can be traded at a given broker. Where blocked, but where various brokers are required, we will rotate or vary the order of clients for whom trades are placed in a given security on any particular day in order to ensure that no client is favored. Ativo Capital Management LLC's block trading policy and procedures are as follows:

- 1) Transactions for any client account may not be aggregated for execution if the practice is prohibited by or inconsistent with the client's advisory agreement with Ativo Capital Management LLC, or our firm's order allocation policy.

2) The trading desk in concert with the portfolio manager must determine that the purchase or sale of the particular security involved is appropriate for the client and consistent with the client's investment objectives and with any investment guidelines or restrictions applicable to the client's account.

3) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Ativo Capital Management LLC to seek best execution for each client participating in the aggregated order. This requires a good faith judgment at the time the order is placed for the execution. It does not mean that the determination made in advance of the transaction must always prove to have been correct in the light of a "20-20 hindsight" perspective. Best execution includes the duty to seek the best quality of execution, as well as the best net price.

4) Prior to entry of an aggregated order, a written order ticket must be completed which identifies each client account participating in the order and the proposed allocation of the order, upon completion, to those clients.

5) If the order cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated pro rata among the participating client accounts in accordance with the initial order ticket or other written statement of allocation. However, adjustments to this pro rata allocation may be made to participating client accounts in accordance with the initial order ticket or other written statement of allocation. Furthermore, adjustments to this pro rata allocation may be made to avoid having odd amounts of shares held in any client account, or to avoid excessive ticket charges in smaller accounts.

6) Generally, each client that participates in the aggregated order must do so at the average price for all separate transactions made to fill the order, and must share in the commissions on a pro rata basis in proportion to the client's participation. Under the client's agreement with the custodian/broker, transaction costs may be based on the number of shares traded for each client.

7) Ativo Capital Management LLC's client account records separately reflect, for each account in which the aggregated transaction occurred, the securities which are held by, and bought and sold for, that account.

8) Funds and securities for aggregated orders are clearly identified on Ativo Capital Management LLC's records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

9) No client or account will be favored over another.

Cross Trades. Cross-trades are an area that may present potential conflicts of interest in that they may be viewed as favoring one client over another. It is our general policy not to engage in buying or selling of securities from one client separate or managed account to another such account (typically referred to as a "cross trade"). The vast majority of trades made for client accounts will be executed through the open market. However, we may engage in cross-trading under limited circumstances, but will only do so when we can confirm that each such cross-trading transaction is fair to each client involved and an independent third-party brokerage firm handles such cross-trading. Under such circumstances, we will receive no transaction-based compensation from the trade, and we will only proceed when we reasonably believe that best execution can be achieved. In certain of these limited situations,

specific consent for each such transaction may be required from both sides. We do not generally enter into cross transactions involving one or more ERISA accounts unless written consent of the plan fiduciary is received, and then only also in accordance with applicable law, governing regulations, and our written policies.

Directed Brokerage:

Ativo permits clients to direct the use of a particular broker-dealer for securities transactions. A client who directs Ativo to use a particular broker-dealer should understand that doing so may increase trading costs for the client. We may also not be able to obtain best overall execution through the directed broker-dealer. Clients should be certain that the directed broker-dealer can provide adequate price and executions of transactions. A client who designates use of a particular broker-dealer should understand that it will lose the possible advantage which non-designating clients derive from aggregation or block trading of orders for several clients as a single transaction for the purchase or sale of a particular security.

If a client directs the use of a particular broker-dealer, Ativo requests the client specify (1) the general types of securities for which the designated firm should be used and (2) whether the designated firm should be used for all transactions, even though Ativo might be able to obtain a more favorable net price and execution from another broker-dealer in particular transactions. A client who designates use of a particular broker-dealer, including a client who directs use of a broker-dealer who will also serve as custodian (whether or not recommended by Ativo) should consider whether, under that designation, commission expenses, execution, clearance and settlement capabilities, and whatever amount is regarded as allocable to custodian fee, if applicable, will be comparable to those otherwise obtainable by Ativo.

Custodian

Ativo Capital Management LLC participates in the institutional customer program offered by Foliofn Institutional, a division of Foliofn Investments, Inc., an unaffiliated SEC-registered broker-dealer and FINRA/SIPC member ("Foliofn"). Foliofn offers services to independent investment advisers which include custody of securities, trade execution, clearance and settlement of transactions. Ativo Capital Management LLC receives some benefits from Foliofn through our participation in the program.

Ativo Capital Management LLC participates in Foliofn's Institutional customer program and we may recommend Foliofn to our clients for custody and brokerage services. There is no direct link between our firm's participation in the program and the investment advice we give to our clients, although we receive economic benefits through our participation in the program that are typically not available to Foliofn retail investors.

These benefits include the following products and services (provided without cost or at a discount): duplicate client statements and confirmations; consulting services; access to a trading desk serving adviser participants; access to block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts; access to an electronic communications network for client order entry and account information; and discounts on compliance, marketing, research, technology, and practice management products or services provided to Ativo Capital Management LLC by third party

vendors.

Some of the products and services made available by Foliofn through the program may benefit Ativo Capital Management LLC but may not benefit our client accounts. These products or services may be made available by Foliofn and are intended to help us manage and further develop our business enterprise. The benefits received by Ativo Capital Management LLC through participation in the program do not depend on the amount of brokerage transactions directed to Foliofn. Clients should be aware, however, that the receipt of economic benefits by Ativo Capital Management LLC in and of itself creates a potential conflict of interest and may indirectly influence our recommendation of Foliofn for custody and brokerage services. Clients of Ativo Capital are not required to use the services of Foliofn.

Whenever a client appoints a custodian that also provides all related brokerage for an account, best execution may not be achieved which may include less favorable pricing and commissions.

Item 13 Review of Accounts

The underlying security positions in client accounts are continuously monitored. Accounts are reviewed and reconciled at least monthly to ensure conformity with portfolio strategy and client guidelines. The Director - Client Relations is responsible for such client reviews.

Monthly statements and confirmations of transactions are provided by the client's broker or custodian with copies to Ativo. The Director - Client Relations also provides a quarterly analysis of accounts to clients which will include reports on performance, income and expense, realized and unrealized gains and losses, purchases and sales and largest holdings. Alternatively, the Director - Client Relations will provide client reports according to client requirements and frequency.

Item 14 Client Referrals and Other Compensation

CLIENT REFERRALS

Our firm may pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us. Whenever we pay a referral fee, we require the Solicitor to provide the prospective client with a copy of this document (our *Firm Brochure*) and a separate disclosure statement that includes the following information:

12. the Solicitor's name and relationship with our firm;

- the fact that the Solicitor is being paid a referral fee;
- the amount of the fee; and
- whether the fee paid to us by the client will be increased above our normal fees in order to compensate the Solicitor.

As a matter of firm practice, the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

It is Ativo Capital Management LLC's policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-

client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

We previously disclosed in the "Fees and Compensation" section (Item 5) of this Brochure that our firm may directly debit advisory fees from client accounts.

As part of this billing process, the client's custodian is advised of the amount of the fee to be deducted from that client's account. On at least a quarterly basis, the custodian is required to send to the client a statement showing all transactions within the account during the reporting period.

Because the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things. Clients should contact us directly if they believe that there may be an error in their statement.

In addition to the periodic statements that clients receive directly from their custodians, we also send account statements directly to our clients on a quarterly basis. We urge our clients to carefully compare the information provided on these statements to ensure that all account transactions, holdings and values are correct and current.

Our firm does not have actual or constructive custody of client accounts.

Item 16 Investment Discretion

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary Investment Management Agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

As previously disclosed in Item 4 of this brochure, our firm provides discretionary asset management services.

Item 17 Voting Client Securities

We generally do not vote proxies or provide proxy voting counsel for retail client accounts. These clients should receive all proxies or other solicitations directly from their broker or custodian.

Where agreed to by an institutional client, we will vote proxies in its best interests and in

accordance with our established policies and procedures. Typically this will involve reliance on the recommendations of a proxy consultant. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, a copy of any document created by us that was material to making a decision how to vote proxies, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Michael Brooks (312-263-7600 x208 or mbrooks@ativocapital.com) by telephone, email, or in writing. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's right to vote proxies. To direct us to vote a proxy in a particular manner, clients should contact Adan Galvan (312-263-7600 x210 or agalvan@ativocapital.com) by telephone, email, or in writing.

You can instruct us to vote proxies according to particular criteria (for example, to always vote with management, or to vote for or against a proposal to allow a so-called "poison pill" defense against a possible takeover). These requests must be made in writing. You can also instruct us on how to cast your vote in a particular proxy contest by contacting Adan Galvan (312-263-7600 x210 or agalvan@ativocapital.com).

Item 18 Financial Information

Ativo Capital Management LLC has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Ativo Capital Management LLC has not been the subject of a bankruptcy petition at any time during the past ten years.