



ADV-Part 2A: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Ativo Capital Management, LLC (or “Ativo” or the “firm”). If you have any questions about the contents of this brochure, please contact Eric Pucek, Chief Compliance Officer, at 312-229-5205 or epucek@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 is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this website by using our firm name, CRD number, or SEC number. These numbers are unique identifying numbers of our firm. Ativo’s CRD number is 125303 and SEC number is 801-65975.



Item 2 Material Changes

This Firm Brochure provides you with a summary of Ativo’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.

This Brochure has been updated to reflect that Ativo now serves as the investment manager of two private funds: Ativo International Equity Fund, LP and Ativo Emerging Markets Equity Fund, LP (each a “Private Fund” and together the “Private Funds”). Ativo Global Funds, LLC, an affiliate of the firm, serves as the general partner of each private fund. The Private Funds have not yet commenced operations.

There have been no other material changes from the last annual updated Firm Brochure dated 3/26/2015.

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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. The firm is a Delaware limited liability company that began conducting business in 2001.

Listed below are the firm’s principal owners or ownership group (i.e., those individuals and/or entities controlling 25% or more of this company):

Ativo Holdings, LLC, a Delaware limited liability company, owns approximately 63% of the firm. Ricardo Bekin, the firm’s Chief Executive Officer and Chief Investment Officer is the sole member of Ativo Holdings, LLC. Pinecliff Trust owns approximately 25% of the firm. Mr. Bekin is the trustee of Pinecliff Trust.

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

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Ativo offers the following advisory services to our clients:

Portfolio Management

Ativo offers a variety of global long-only equity strategies to institutional clients (“client(s)”) as separately managed accounts (“SMA’s”) permitting the client to select an appropriate strategy or strategies based on its needs. Once the client confirms suitability, the account is generally managed according to the strategy’s goal. Clients have the opportunity to place reasonable guidelines and restrictions on the account to be managed by Ativo. We manage these advisory accounts on a discretionary basis. Clients retain individual ownership of all securities.

Once the client’s account is established, we review its composition each week and make changes, as required, based on our current analysis.

We design and update our strategies in-house. Our strategies are generally comprised of the following securities:

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

Ativo’s SMAs are not available to individuals other than Ativo’s employees, employee family members, and other associated persons of our firm.

Model Portfolio Management

Our firm provides continuous portfolio management services to model-based unified managed account platforms (“UMA”) which may also be described as wrap fee programs. Each model portfolio is designed to meet a particular investment strategy. Ativo provides these model portfolios to select broker-dealers and investment advisers (“UMA Program Sponsors”). The UMA Program Sponsors initially determine whether the model is suitable to a particular client’s circumstances. The client portfolio is then managed according to the model’s strategy, rather than each client’s individual needs. We structure these models using the same approach as we do for our separately managed account clients. Generally, the only differences are due to separately managed client imposed guidelines and restrictions. However, Ativo, at its discretion, may structure custom models at the request of UMA Program Sponsors.

Ativo is not responsible for trade execution or reconciliation, among other items. Moreover, Ativo has no discretion over the client assets subscribed to our model portfolios made available through the UMA Program Sponsors. For that reason we exclude these assets from our assets under management and instead report them as assets under advisement as noted below. The underlying UMA clients retain individual ownership of all securities.

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

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

Ativo may also provide periodic delivery of customized model portfolios to nondiscretionary institutional clients. Ativo generally receives a fixed quarterly fee for these services.

Private Funds

Ativo also serves as the investment manager of two private funds: Ativo International Equity Fund, LP and Ativo Emerging Markets Equity Fund, LP (each a “Private Fund” and together the “Private Funds”). Ativo Global Funds, LLC, an affiliate of the firm, serves as the general partner of each private fund. The Private Funds have not yet commenced operations. Each Private Fund is offered exclusively to certain qualified investors under its Confidential Private Placement Memorandum (each a “Memorandum”). Please refer to a Private Fund’s Memorandum for additional details on the terms of an investment in that Private Fund.

Amount of Managed and Advised Assets

As of 2/29/2016, Ativo actively managed approximately \$1,265,000,000 of total clients’ assets or assets under management (“AUM”), all of which was discretionary.



As of 2/29/2016, Ativo provided UMA asset under advisement (“AUA”) services for approximately \$60,000,000 in underlying client assets.

Item 5 Fees and Compensation

Ativo’s fees for Portfolio Management Services are typically based upon a percentage of assets under management. 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 for more information about performance fees.

Fee Schedule for Separately Managed Accounts

The following fee schedules are for separately managed institutional accounts investing in the noted strategies.

International Developed - The Ativo International Developed strategy invests primarily in undervalued companies domiciled in developed Non-US countries that display above average growth characteristics.

Mandate Size	Fee Quote (bps)
First \$25 million	80
Next \$25 million	75
Next \$50 million	70
Next \$100 million	65
Remaining Balance	60

International All Country ex US - The Ativo International All Country ex US strategy invests primarily in undervalued companies domiciled in both developed and emerging Non-US countries that display above average growth characteristics.

Mandate Size	Fee Quote (bps)
First \$25 million	85
Next \$25 million	80
Next \$50 million	75
Next \$100 million	70
Remaining Balance	65

Emerging Markets - The Ativo International Emerging strategy invests primarily in undervalued companies domiciled in emerging Non-US countries that display above average growth characteristics.

Mandate Size	Fee Quote (bps)
First \$25 million	100
Next \$25 million	95
Next \$50 million	90
Next \$100 million	85
Remaining Balance	80

International Small Cap - The International Small Cap strategy invests primarily in undervalued companies with capitalizations of less than \$2.5 billion that are domiciled in both developed and emerging Non-US countries and display above average growth characteristics.

Mandate Size	Fee Quote (bps)
First \$25 million	100
Next \$25 million	95
Next \$50 million	90
Next \$100 million	85
Remaining Balance	80

Global Institutional - The Ativo Global Institutional strategy invests primarily in undervalued companies globally that display above average growth characteristics.

Mandate Size	Fee Quote (bps)
First \$25 million	80
Next \$25 million	75
Next \$50 million	70
Next \$100 million	65
Remaining Balance	60

International ADR - The Ativo International ADR strategy invests primarily in undervalued American Depositary Receipts (“ADR’s”) and other foreign companies traded on American exchanges that display above average growth characteristics.

Mandate Size	Fee Quote (bps)
First \$25 million	75
Next \$25 million	70
Next \$50 million	65
Next \$100 million	60
Remaining Balance	55

Domestic Large Cap - The Ativo Large Cap strategy invests primarily in domestically traded, undervalued companies with market capitalizations in excess of \$8 billion and display above average growth characteristics.

Mandate Size	Fee Quote (bps)
First \$25 million	45
Next \$100 million	40
Remaining Balance	35



Domestic Micro Cap - The Ativo Micro Cap strategy invests primarily in domestically traded, undervalued companies with market capitalizations less than \$500 million and display above average growth characteristics.

Mandate Size	Fee Quote (bps)
First \$25 million	90
Next \$25 million	85
Next \$50 million	80
Next \$100 million	75
Remaining Balance	70

Limited Negotiability of Advisory Fees

Although Ativo has established the aforementioned fee schedules, 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, and reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

Discounted fees, not generally available to our institutional clients, may be offered to employees, employee family members, and other associated persons of our firm.

Generally, our fees are billed quarterly, in arrears, at the end of each calendar quarter based upon the average market value on the last business day of each month in the quarter. However, billing arrangements may vary from client to client. Ativo generally invoices clients directly or through their custodians.

Lastly, please refer to Item 6 for information related to performance fees.

Model Portfolio Management Fees

Our fees for Model Portfolio Management Services are negotiated with the model-based UMA Program Sponsors. Ativo's advisory fees are not negotiable by the account owner. Accounts subscribing to Ativo models through UMA platforms generally have fees collected 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 by the UMA platform provider with a portion remitted to Ativo. However, billing arrangements may vary.

Account minimums vary and are generally determined by the UMA Program Sponsors. Please refer to Ativo's ADV Part 1, Section 5.I.(2) for a list of UMA Program Sponsors to which Ativo makes model portfolios available.

Lastly, Ativo may receive a fixed fee for the periodic delivery of customized model portfolios to nondiscretionary institutional clients. Ativo generally invoices such clients a fixed fee quarterly.



Private Fund Fees

Each Private Fund charges the management fees described in the Memorandum for such Private Fund. The Private Funds are not subject to performance fees.

General Information

Termination of the Advisory Relationship: Generally, a client agreement may be terminated at any time, without the payment of any penalty, by either party on thirty (30) days' written notice to the other party. As disclosed above, certain fees may be 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 prorate the reimbursement according to the number of days remaining in the billing period.

UMA Fees: UMA accounts may be charged various program fees in addition to the advisory fee received 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, accounts pay a single fee for advisory, brokerage and custodial services. Portfolio transactions may be executed without a commission charge in a wrap fee arrangement. In evaluating such an arrangement, one should also consider that, depending upon the level of the wrap fee charged by the broker-dealer, the amount of portfolio activity in the 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. Those evaluating whether to participate in such arrangements should carefully consider these items.

Additional Fees and Expenses: In addition to our advisory fees, clients (other than clients in certain wrap fee based UMAs) 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 Part 2A for additional information.

Grandfathering of Minimum Account Requirements: Pre-existing advisory clients are subject to Ativo'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 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"). 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 may only charge fees for investment advice about products for which our firm and/or our related persons do not receive other compensation, such as any commissions or 12b-1 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.

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

Performance-based fees are available to clients as mutually agreed. Such a performance-based fee is calculated based on a share of the capital changes of the assets of the client.

These performance-based fees create an incentive for Ativo to favor performance fee paying accounts over accounts that do not pay performance fees. Ativo has policies and procedures in place to mitigate this conflict and 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 guidelines and restrictions.

Item 7 Types of Clients

Ativo provides investment management services to the following types of clients:

- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Institutional clients such as state or municipal government entities
- Endowments and foundations
- Unregistered pooled investment vehicles
- Model-based unified managed account (UMA) platforms
- Banking institutions
- Individuals (only employees, employee family members, and other associated persons)

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 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 disciplined way.

The portfolio decision making process is primarily quantitative and driven by multiple 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. Thirdly, 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. Finally, Ativo screens for low volatility stocks, which the market tends to systematically underprice. Ativo's measure of volatility is proprietary, is based on tail risk, and is tied to extreme-value theory. This factor was designed to be uncorrelated with traditional measures of volatility such as beta. These four 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 each security subject to market cap, trading volume, and compliance screens. We then scale and adjust the rank of each 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 macroeconomic facts about each company, such as M&A, political, and regulatory events. We size portfolio positions with great care by 1) overweighting sectors where we see value, 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: our custom risk model, client constraints and exclusions, attribution analysis, daily compliance monitoring, a clear sell-discipline, and current-event monitoring. These risks include, but are not limited to, decisions based on quantitative models, equity market risk, liquidity risk, market capitalization risk, model construction risk, and the risk of 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 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.

Please see the Memorandum of each Private Fund for a more detailed discussion of the primary risks associated with an investment in that Private Fund.



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

Ativo's affiliate, Ativo Global Funds, LLC, serves as the general partner of each Private Fund. Ativo and its principals have no other financial industry activities or affiliations.

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 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 completion 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 prohibits the acquisition of certain 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'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 e-mail sent to epucek@ativocapital.com or rbekin@ativocapital.com, or by calling us at 312-263-7600.

Ativo and individuals associated with our firm are prohibited from engaging in principal transactions and 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 fiduciary decisions in the best interest of advisory clients and (ii) implementing such decisions in accordance with our



fiduciary duty owed to our clients. No principal or employee of our firm may put his or her own interest above the interest of an advisory client. 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.

It is the general policy of our firm that no personal trading is permitted in individual equity securities unless as part of such employee's account at the Firm, as a client, which the firm's portfolio managers are investing in one or more investment strategies or portfolios that Ativo manages for or makes available to its clients. The firm's Chief Compliance Officer may make exceptions to this general policy in limited circumstances.

We require written acknowledgment of the Code of Ethics by each supervised person of our firm annually. Any firm staff member who violates any of the above restrictions may be subject to internal sanctions, including and up to termination.

Item 12 Trading/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, responsiveness, 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/or securities transaction services even though a lower commission may be charged by a broker who offers no research services and/or 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 eligible research and brokerage products or services. The portions of the costs attributable to non-research usage of such products or services are paid by our firm to the broker-dealer or third-party vendor in accordance with the provisions of Section 28(e) of the Securities Exchange Act of 1934. When Ativo makes a "mixed use" determination it results in a conflict of interest because the firm has an incentive to determine that the greatest portion of a "mixed use" product or service is eligible to be paid for with soft dollar commission credits rather than directly by the firm.

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 include, 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; transaction cost analysis; and other brokerage and research services.

Examples of specific products and services include those provided by Standard & Poor's, NYFIX, Russell Investment Group, Thomson Reuters, MSCI, Axioma, Abel Noser, and FactSet.

Aggregation

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients. Our firm's policy is to aggregate client transactions where possible and when advantageous to clients. In these instances clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equitably on a pro-rata basis. Ativo aggregates orders as described below:

- 1) Trade order is determined using a random number generator. Each week, the CIO will determine execution order by generating a random number to be assigned to each strategy. The strategies will then be organized in ascending order to ensure that no strategy consistently gains an execution advantage over the others.
- 2) The portfolio manager enters trades through the Order Management System (OMS). When generating orders, the manager will consider cash availability, client restrictions, and any other relevant factors. The manager typically targets an equal weight for each portfolio eligible for the order.
- 3) The portfolio manager will then send the order and allocations to the trade blotter via the OMS.
- 4) The trader may adjust allocations to minimize odd-lot purchases, which could hinder execution or prevent best execution.
- 5) The trader will attempt to aggregate any orders into a block where those orders are pre-existing.

Block Trading

Ativo 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 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'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, or our firm's order allocation policy.
- 2) The portfolio manager must reasonably believe that the order aggregation will benefit, and will enable Ativo 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.

- 3) If the trader receives a new trade order for an investment where a block trade is already pending, the trader will instruct the broker-dealer to allocate all interests already traded to the original block’s participants on a pro-rata basis, and will then form a new block that includes the new participants’ order, as well as the unfilled portion of the original participants’ order. In the event that a block has been completed and allocated before the new trade is received, the blocks will not be combined.
- 4) The trader will select a broker for each trade while considering security specific trading factors such as liquidity, market idiosyncratic factors and the capabilities of the broker in the market where the security is to be traded.
- 5) Trades are sent to brokers using the OMS, and are acknowledged by the broker(s).
- 6) Trades are executed and fills are electronically received into the system for allocation and settlement.
- 7) Ativo’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’s records and to the broker-dealers or other intermediaries handling the transactions, by the appropriate account numbers for each participating client.

Allocation

As a matter of policy, an adviser’s allocation procedures must be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients. Ativo’s policy prohibits any allocation of trades in a manner that any particular client(s) or group of clients receive more favorable treatment than other client accounts. Ativo’s allocation policy and procedures are as follows:

- 1) Trades will be allocated on a basis believed to be fair and equitable; no client will receive preferential treatment over any other.
- 2) The portfolio management team will take steps to ensure that no participating client will be systematically disadvantaged by the aggregation, placement, or allocation of trades.
- 3) Transactions are allocated promptly, usually on trade date, and no reallocations are permitted from one account to another except where the original allocation was done in error or there was an associated trade error where, after careful review, a



reallocation is appropriate given the circumstances. Reallocations will be reported and approved by members of the Trading Oversight Committee.

- 4) Executed orders will be allocated on a pro-rata basis until the orders are filled.
- 5) The trader may utilize random or manual allocations in cases where round lots prohibit the use of pro-rata allocation to ensure fairness in cases of where partial execution would normally result in biased allocations.

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.

Many of Ativo's clients have established minority, woman, and disadvantage business enterprise ("MWDBE") brokerage goals and either require or strongly encourage the utilization of such brokers. As such, Ativo has established internal MWDBE brokerage utilization goals. Therefore, Ativo may seek to utilize MWDBE brokers so long as such brokers satisfy all of Ativo's best execution requirements.

Trade Errors

Ativo's policy and practice is to monitor and reconcile all trading activity, identify and resolve any trade errors promptly, document each trade error with appropriate review, and maintain a trade error file.

As a fiduciary, Ativo has the responsibility to effect orders correctly, promptly and in the best interests of our clients. In the event any error occurs in the handling of any client transactions, due to Ativo's actions, or inaction, or actions of others, Ativo's policy is to seek to identify and correct any errors as promptly as possible without disadvantaging the client or benefiting Ativo in any way. Ativo will research the details of the trade error and seek to provide prompt



notification to the client(s) impacted after the firm learns the circumstances and details surrounding the error. All trade errors will be escalated to members of the firm's Trading Oversight Committee for review. If there is no client financial loss associated with a noted trade error members of the Trade Oversight Committee may determine notification to the client is not needed.

Unless the client is responsible for the error, the client will be made whole for any loss that may have occurred. Ativo will coordinate reimbursement, if necessary, with a representative of the impacted client(s). If a trade error results in a financial gain to a client, the gain will be left in the client's account.

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. Ativo prohibits the buying or selling of securities from one client separate or managed account to another such account (typically referred to as a "cross trade"). All trades made for client accounts will be executed through domestic and foreign stock exchanges and over-the-counter markets. However, in the event of any change in the firm's policy, any such change must be approved by management, any cross transactions would only be allowed after appropriate authorizations, reviews, approvals, disclosures, reporting and meeting appropriate regulatory requirements and maintaining proper records.

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 Operations Manager oversees such client reviews.

Monthly statements and confirmations of transactions are provided by the client's broker or custodian with copies to Ativo. The Director of Marketing 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 of Marketing will provide client reports according to client requirements and frequency.

Item 14 Client Referrals and Other Compensation

Client Referrals

Our firm does not currently pay referral fees to independent persons or firms ("Solicitors") for introducing clients to us, but we may determine to do so in the future. If we were to pay a referral fee, we would 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:

- 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 will not be increased as a result of any referral.

It is Ativo'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

As part of Ativo's 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 or other customized reports directly to our clients on a monthly or quarterly basis. We urge our clients to carefully review this information to ensure that all account transactions, holdings and values are correct and current.

Upon the launch of the Private Funds, Ativo and Ativo Global Funds, LLC will be deemed to have custody of each Private Fund's assets under the Advisers Act and related SEC rules. Ativo and Ativo Global Funds, LLC are expected to comply with the Advisers Act custody rules by delivering audited financial statements for each Private Fund to its investors within 120 days after the end of the Private Funds' fiscal year.

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

Item 16 Investment Discretion

Clients generally hire us to provide discretionary asset management services. We typically 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.

Item 17 Voting Client Securities

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.

Ativo will vote or abstain from voting proxies for the Private Funds in its discretion. To the extent that Ativo votes proxies on behalf of a Private Fund, it will do so in the best interest of the Private Fund.

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 Patrick Cunningham (312-229-5207 or pcunningham@ativocapital.com) by telephone, e-mail, or in writing. Clients may request, in writing, information on how proxies for its shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for its 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 Patrick Cunningham (312-229-5207 or pcunningham@ativocapital.com) by telephone, e-mail, 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 Patrick Cunningham (312-229-5207 or pcunningham@ativocapital.com).



Item 18 Financial Information

Registered investment advisers are required in this section to provide you with certain financial information or disclosures about the firm's financial condition. Ativo has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.