

**Part 2A of Form ADV: *Firm Brochure***



**Lingohr & Partner**

NORTH AMERICA, INC.

**Lingohr & Partner North America, Inc.**

1065 E 22nd Avenue  
Eugene, OR 97405

Telephone: 541-342-3342  
Email: [vengelbert@lingohr.com](mailto:vengelbert@lingohr.com)

7/5/2011

This brochure provides information about the qualifications and business practices of Lingohr & Partner North America, Inc. ("LPNA"). If you have any questions about the contents of this brochure, please contact Volker Engelbert at 541-342-3342 or [vengelbert@lingohr.com](mailto:vengelbert@lingohr.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.

Additional information about LPNA also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. LPNA's CRD number is 144522.

## **Item 2    Material Changes**

On July 28, 2010, the United States Securities and Exchange Commission ("SEC") published "Amendments to Form ADV" which amends the disclosure document that LPNA provides to clients as required by SEC Rules. This Brochure is a new document prepared according to the SEC's new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the future, this Item will discuss specific material changes that are made to the Brochure and provide clients with a summary of such changes.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

At time of writing of this Firm Brochure, LPNA has no material changes to disclose.

| <b>Item 3</b> | <b>Table of Contents</b>  | <b>Page</b> |
|---------------|---|-------------|
| Item 1        | Cover Page  | 1           |
| Item 2        | Material Changes  | 2           |
| Item 3        | Table of Contents   | 3           |
| Item 4        | Advisory Business   | 4           |
| Item 5        | Fees and Compensation   | 5           |
| Item 6        | Performance-Based Fees and Side-By-Side Management                                    | 7           |
| Item 7        | Types of Clients  | 8           |
| Item 8        | Methods of Analysis, Investment Strategies and Risk of Loss                           | 8           |
| Item 9        | Disciplinary Information  | 10          |
| Item 10       | Other Financial Industry Activities and Affiliations                                  | 10          |
| Item 11       | Code of Ethics, Participation or Interest in Client Transactions and Personal Trading | 11          |
| Item 12       | Brokerage Practices   | 12          |
| Item 13       | Review of Accounts  | 14          |
| Item 14       | Client Referrals and Other Compensation   | 14          |
| Item 15       | Custody   | 15          |
| Item 16       | Investment Discretion   | 15          |
| Item 17       | Voting Client Securities  | 15          |
| Item 18       | Financial Information   | 16          |
| Item 19       | Requirements for State-Registered Advisers  | 17          |

## **Item 4    Advisory Business**

LPNA is an SEC-registered investment adviser with its principal place of business located in Oregon. LPNA began conducting business in 2007.

The SEC registration does not imply a certain level of skill or training.

Listed below are LPNA's principal shareholders (i.e., those individuals and/or entities controlling 25% or more of this company).

- Lingohr & Partner Asset Management GmbH (100%)

LPNA offers the following advisory services to our clients:

### **INDIVIDUAL PORTFOLIO MANAGEMENT**

LPNA provides on-going asset management services to institutional clients based on the individual needs of the client. While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are formally reviewed with the client on a quarterly basis. Through personal discussions in which goals and objectives based on the client's particular circumstances are established, we help to develop the client's investment guidelines. We create and manage a portfolio based on these guidelines. During our data-gathering process, we discuss the client's individual objectives, time horizons, risk tolerance, and liquidity needs.

LPNA focuses on global and international equities. Our investment philosophy can be described as value-oriented and fundamentally driven, seeking risk-reduction through systematic diversification. The philosophy is translated into a structured investment process across all equity markets. Our stock selection process combines proprietary quantitative tools with fundamental analysis. This process includes the development of country-specific multi-factor models, country-by-country screens and stock rankings which ultimately lead to portfolio candidates. As a last step, the portfolio management team analyses these candidates and derives the final portfolio constituents.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives and guidelines (e.g., capital appreciation and income versus an agreed upon benchmark).

Clients may impose reasonable restrictions on investing in certain securities, types of securities, industry sectors, or countries.

Once the client's portfolio has been established, we review the portfolio quarterly with our client.

Our investment recommendations generally will include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter

- Foreign issuers
- Certificates of deposit

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.

### **AMOUNT OF MANAGED ASSETS**

As disclosed above, LPNA provides portfolio management services to institutional accounts. As of June 30<sup>th</sup>, 2011, LPNA has assets of approximately \$500 million under management.

## **Item 5 Fees and Compensation**

### **PORTFOLIO MANAGEMENT SERVICES FEES**

The standard annualized fee for Portfolio Management Services is charged as a percentage of assets under management, according to the following schedule:

| Amount<br>(USD mill.) | Investment<br>Management Fee<br>in bps (p.a.) |
|-----------------------|---|
| First US\$ 75 million | 55  |
| Next US\$ 75 million  | 50  |
| Thereafter            | 45  |

Generally, client pays LPNA an advisory fee in arrears for services rendered during the prior quarter. The advisory fee is calculated on the basis of the client's assets under LPNA's management at the close of business on the last business day of each month during the immediately preceding calendar quarter.

A minimum of \$50,000,000.00 of assets under management is required for this service. This account size may be negotiable under certain circumstances. LPNA may group certain related client accounts for the purposes of achieving the minimum account size.

**Limited Negotiability of Advisory Fees:** Although LPNA has established the aforementioned fee schedule, we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts and circumstances are considered in determining the fee schedule. These include the complexity of the client, 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 is identified in the contract between LPNA and each client.

### **Other Revenue**

LPNA does not have any other sources of revenues. It only offers portfolio management / advisory services to its clients.

## **GENERAL INFORMATION**

***Termination of the Advisory Relationship:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, the client owes LPNA the pro rate fee which has been incurred from the beginning of the quarter until the termination date.

***Mutual Fund Fees:*** Generally our investment process does not utilize mutual funds or ETFs. In the event that LPNA does utilize such investment vehicles, all fees paid to LPNA for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by LPNA which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***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.

***ERISA Accounts:*** LPNA is deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"), and regulations under the Internal Revenue Code of 1986 (the "Code"), respectively. As such, LPNA 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, LPNA may only charge fees for investment advice about products for which LPNA and/or our related persons do not receive any commissions.

***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 \$500 more than six months in advance of services rendered.

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

### **PERFORMANCE-BASED FEES**

In addition to the fee schedule described under Item 5, LPNA offers a flat plus performance-based fee (“Performance-based Fee(s)”) to clients. The Performance-based Fee component is calculated based on a share of capital gains on or capital appreciation of the assets of the client versus an agreed upon benchmark. To qualify for a Performance-based Fee arrangement, a client (or fund investor, as applicable) must either demonstrate a net worth of at least \$2,000,000, or must have at least \$750,000 under our management immediately after entering into a management agreement with us, or must be a “qualified purchaser” as defined in the Investment Company Act of 1940. For purposes of the net worth determination, a client who is a natural person may include assets held jointly with his or her spouse but may not include the value of his or her primary residence.

Clients should note that Performance-based Fees create an incentive for an adviser such as LPNA to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Also, because the performance fee is calculated on a basis which includes unrealized as well as realized appreciation of assets, it may be greater than if such compensation were based solely on realized gains.

Side-by-Side Management refers to multiple client relationships where an adviser manages advisory client relationships and portfolios on a simultaneous basis for individuals, businesses, institutions and also mutual funds. In such circumstances, potential conflicts of interest may arise between the clients as a result of performance fee arrangements. Because of the Performance-based Fee arrangement, we may have an incentive to favor Performance-based Fee accounts over non-Performance-based Fee accounts and could have incentive to favor clients which pay higher aggregate performance-based fees than a client paying non-performance-based fees.

Since we endeavor at all times to put the interests of our clients first as part of our fiduciary duty as a registered investment adviser, we take the following steps to address these conflicts:

1. We disclose to investors and prospective clients the existence of material conflicts of interest, including the potential for LPNA and its employees to earn more compensation from some clients than others;
2. We collect, maintain and document accurate, complete and relevant client background information to attempt to establish an investment strategy that is appropriate for the client's financial goals, objectives and risk tolerance;
3. We have implemented written policies and procedures for fair and consistent allocation of investment opportunities among all clients, irrespective of the client's underlying strategy, cash availability, availability of interests in the underlying funds and other appropriate considerations;
4. We educate our employees regarding the responsibilities of a fiduciary, including the equitable treatment of all clients, regardless of the fee arrangement.

Performance-based Fees will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940 and/or applicable state regulations.

## **Item 7    Types of Clients**

LPNA provides advisory services to the following types of clients:

- Investment companies (including institutional mutual funds)
- Pension and profit sharing plans (other than plan participants)
- Charitable organizations
- Corporations or other businesses not listed above
- State or municipal government entities

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

### **METHODS OF ANALYSIS**

LPNA uses the following methods of analysis in formulating our investment advice and/or managing client assets:

Our stock selection process combines proprietary quantitative tools with fundamental analysis to determine portfolio constituents.

We utilize databases for real-time market intelligence on listed companies worldwide.

LPNA has developed proprietary country-specific factor- and global factor models which isolate key fundamental factors driving performance within the respective universe. These factors are selected based on their historical explanatory power and



long-term performance contribution. The derived factor models may have significant differences between them but the final portfolio constituents share common value characteristics across all countries.

Subsequently, a non-hierarchical, proprietary process aggregates each stock's relative factor 'score'. Based on this factor score, we rank all stocks from 1 - 100 (percentiles).

Only stocks ranked in the first quintile (1 to 20) are subjected to fundamental, bottom-up analysis by our portfolio management team. These portfolio candidates are scrutinized and assessed on multiple fundamental criteria before they become part of the portfolio.

**Risks.** All investment processes bear risks because they are based on various underlying assumptions and subjective judgment. While these assumptions might have been appropriate in the past, there is no guarantee they turn out to be valid in the future. Forecasting by definition is defined by uncertainty which in turn can compromise future returns.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the database providers that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## **INVESTMENT STRATEGIES**

LPNA uses the following strategy in managing client accounts.

We purchase securities with the idea of holding them in the client's account for a year or longer. Typically, we employ this strategy when we believe the securities, according to our investment process, to be currently undervalued relative to the benchmark.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantage of short-term gains that could be profitable to a client. Moreover, if our assumptions are incorrect, a security may decline sharply in value before we make the decision to sell.

Specifically, our proprietary ranking system tracks all stocks within the top quintile of the relevant universe and refreshes rankings of portfolio holdings weekly. Stocks whose rank has fallen from the top quintile to median, or worse, are flagged for review and are typically sold.

Portfolios are typically rebalanced semi-annually, based on the month the portfolio was established. Stocks that are still ranked in the top quintile at that time are retained while all others are sold and replaced with fresh stocks drawn from the new top quintile candidates. Country weights are rebalanced, as are stock weights within each country.

We invest long only and do not use higher risk strategies including buying on margin, buying derivatives, utilizing leverage, and shorting.

*For all strategies:* LPNA's investment strategies are designed for institutional investors with long term investment goals while adhering to the individual investment guidelines. Among others, these risks include decisions based on LPNA's multi-factor models, equity market risk, risks associated with investing in international equities and emerging markets as well as currency risks. Investments in securities are not guaranteed and clients may lose money on their investments. We request that clients notify us of any changes in the investment guidelines promptly and conduct quarterly reviews.

## **Item 9     Disciplinary Information**

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

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

## **Item 10    Other Financial Industry Activities and Affiliations**

LPNA is a wholly owned subsidiary of Lingohr & Partner Asset Management GmbH. Lingohr & Partner Asset Management GmbH is a financial institution according to §1, chapter 1a section 2 no. 3 of the KWG - Kreditwesengesetz (German banking law), authorized as an investment manager and operates under the supervision of BaFin - Bundesanstalt für Finanzdienstleistungsaufsicht\ (Federal Financial Supervisory Authority).

The principal executive officer and associated persons of LPNA are also officers and/or employees of Lingohr & Partner Asset Management GmbH. For clients outside the United States, LPNA may engage Lingohr & Partner Asset Management GmbH to provide portfolio management services as a sub-adviser. Lingohr & Partner Asset Management GmbH is not registered in and does not do business in the United States, and has no duties or obligations to LPNA's clients unless retained as a sub-adviser for such clients.

## **Item 11 Code of Ethics, Participation or Interest in Client**

### **Transactions and Personal Trading**

LPNA 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.

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 securities transactions reports as well as initial and annual securities holdings reports that must be submitted by LPNA's access persons. Among other things, our Code of Ethics also requires the pre-clearance prior to transacting in reportable securities such as stocks and limited offering (e.g., private placement) or initial public offering. Our code also provides for oversight, enforcement and recordkeeping provisions.

LPNA's Code of Ethics further includes LPNA'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 [vengelbert@lingohr.com](mailto:vengelbert@lingohr.com), or by calling us at 541-342-3342.

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.

LPNA and/or individuals associated with LPNA 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 LPNA that no person employed by us may purchase or sell any security which has been marked for purchase or sale by portfolio management. This shall prevent such employee(s) from benefiting from transactions placed on behalf of advisory accounts.

As these situations may represent a conflict of interest, we have established the following additional restrictions in order to ensure LPNA's fiduciary responsibilities:

1. No principal or employee of LPNA may buy or sell securities for his or her personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of LPNA may prefer his or her own interest to that of the advisory

client.

2. We maintain records of securities transactions and holdings for LPNA and anyone associated with this advisory practice with access to advisory recommendations. These holdings are reviewed on a regular basis by LPNA's Chief Compliance Officer.
3. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices.
4. Any individual not in observance of the above may be subject to termination.

## **Item 12 Brokerage Practices**

Except in those instances where a client wishes to retain discretion over broker selection and commission rates, LPNA accepts discretionary authority to determine the brokers used and the commissions paid. In the absence of any client direction to utilize a particular broker or dealer for the execution of transactions in any client accounts, LPNAs overriding objective in effecting portfolio transactions is to obtain the best combination of price and execution. LPNA seeks to effect each transaction at a price and commission that provides the most favorable total cost or proceeds reasonably attainable under the circumstances. LPNA may consider various factors when selecting a broker or dealer, including, but not limited to, the nature of the portfolio transaction, the size of the transaction, the execution, clearing and settlement capabilities of the broker or dealer; the desired timing of the transactions; confidentiality, and, under appropriate circumstances, the availability of research, research related services, and execution-related services provided through such broker or dealer. Research and execution-related services may be provided in the form of written reports, telephonic communications, software, including software providing securities analysis functions, analyst earnings revisions, etc., and may contain information concerning securities markets, the economy, individual companies, pricing information and services, performance studies and other information providing assistance in the performance of LPNA's investment decision-making responsibilities.

In placing orders for the purchase and sale of securities for its clients, LPNA seeks quality execution at favorable prices through responsible broker-dealers. In selecting broker-dealers to execute transactions, LPNA considers such factors as the broker's reliability, the quality of its execution services, its financial condition, its commission rates on agency transactions, and the general brokerage and research services that it provides. LPNA may cause its clients to pay a broker-dealer that provides brokerage and research services to LPNA an amount of commission in excess of the commissions which another broker-dealer would have charged for effecting a transaction.

Although it is not possible to assign an exact dollar value to these services, they may, if and to the extent used, tend to reduce the expenses of LPNA. The fees paid to

LPNA are not reduced because it receives such services. Research and execution-related services furnished by brokers and dealers with whom LPNA effect transactions may be beneficial to certain of the accounts advised by LPNA. It is recognized that a particular account may be charged a commission paid to a firm who supplied research services not utilized by such account. However, LPNA expects that each account will benefit from by such practice because each is receiving the benefit of research services and the execution of such transactions based upon the recognition of the value to such research services.

If a client decides to direct where its brokerage is placed by LPNA, the client should consider: (i) LPNAs brokerage placement practices; (ii) a client who directs LPNA to use a specific broker may pay higher commissions on some transactions that might be attainable by LPNA, or may receive less favorable execution of some transactions, or both; (iii) a client who directs LPNA may forego any benefit from savings on execution costs that LPNA could obtain for its clients through negotiating volume discounts on batched transactions; (iv) a client who directs LPNA may not be able to participate in an allocation of shares of a new issue if those new issue shares are provided by another broker; (v) LPNA may not begin to execute client securities transactions with broker-dealers which have been directed by clients until all non-directed brokerage orders are completed; and (vi) clients directing commissions may not generate returns equal to clients which do not direct commissions.

LPNA may aggregate purchase and sales orders of securities held in a client's account with similar orders being made simultaneously for other accounts managed by LPNA, if in LPNAs reasonable judgment, such aggregation shall result in an overall economic benefit of client's account taking into consideration the advantageous purchase or selling price, brokerage commission and other expenses. Participation in the allocation is based on such considerations as investment objectives, restrictions, availability of cash balances, the amount of existing holding of similar securities, as well as other factors. Allocations generally are made at approximately the time of execution and before the end of the trading day. Subsequent reallocations may be made in unusual circumstances due to recognition of specific account restrictions.

LPNA and its affiliates may execute agency cross transactions (Cross Transactions) for in accordance with the requirements of Rule 206(3)-2 under the Advisers Act. LPNA will enter into such transactions for ERISA accounts when consistent with applicable rules. Cross Transactions are transactions that may be effected by LPNA and/or its affiliates acting for both the client and the counterparty (whether buyer or seller) to the transaction. Cross Transactions enable LPNA to purchase or sell a block of securities at a set price and possibly avoid an unfavorable price movement that may be created through entrance into the market with such purchase or sell order. LPNA will enter into such transactions only if it reasonably believes that such transactions can provide a meaningful benefit to the client.

## Item 13 Review of Accounts

### PORTFOLIO MANAGEMENT SERVICES

**REVIEWS:** While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are formally reviewed quarterly with our clients. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by:

Volker Engelbert - President

**REPORTS:** In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker-dealer, LPNA will provide quarterly performance reports.

## Item 14 Client Referrals and Other Compensation

LPNA 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 (LPNA *Brochure*) and a separate disclosure statement that includes the following information:

- the Solicitor's name and relationship with LPNA;
- the fact that the Solicitor is being paid a referral fee, typically a percentage of the management fee associated with the mandate;
- 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.

It is our policy and practice, that the advisory fees paid to us by clients referred by solicitors are not increased as a result of any referral.

Further, LPNA does not receive any referral fees for introducing clients to other investment advisers.

## Item 15 Custody

As a matter of firm policy and practice, LPNA does not accept, maintain or have physical or constructive custody of any client assets. Client assets are maintained with independent qualified custodians selected by the client.

Clients typically receive quarterly performance reports from LPNA and are urged to carefully review each report. In order to ensure that all values are correct and current, we urge clients to compare LPNA's statements with the statements they receive directly from their qualified custodian.

## 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 agreement with LPNA, 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.

LPNA requires that it be provided with written authority to determine which securities and the amounts of securities that are bought or sold in a client's account.

Clients give us discretionary investment authority when they sign a discretionary agreement with LPNA, 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

**Proxy Voting:** LPNA maintains written Proxy Policy & Procedures which reflect the firm's duty as a fiduciary to vote proxies in the best interests of our clients. For ERISA plan clients, proxies are voted solely in the best interests of the plan participants and beneficiaries.

Certain clients have expressly retained proxy voting authority and in such instances, LPNA has no proxy voting responsibility and may not take any action regarding those clients' proxies.

For separately managed accounts where proxy services are provided, LPNA has retained independent and national proxy service provider firms to provide research, recommendations, recordkeeping and proxy voting services, and votes according to those recommendations.

LPNA maintains relevant and appropriate proxy records as part of the firm's Proxy Policy & Procedures. Our Proxy Policy & Procedures and information about the voting of a client's proxies, where LPNA has proxy voting responsibility, are available to a client upon written request sent to LPNA's principal address.

In the event its proxy service provider has any actual or potential conflicts of interests in the voting of any client proxies, LPNA will attempt to obtain the services of another provider to vote the proxies.

**Legal Proceedings:** LPNA 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.

LPNA, as a matter of policy and practice, may not provide legal advice or advice or act on behalf of clients for any legal proceedings, including class actions, bankruptcies or other proceedings, involving companies whose securities are held or previously held in client portfolios. Accordingly, client have the responsibility for making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings, class actions or other types of events pertaining to the client's investment assets. Therefore, the client should, as appropriate, in each case instruct each custodian of the assets to forward to the client copies of all shareholder communications relating to the client's investment assets in any such proceedings.

## **Item 18 Financial Information**

Under no circumstances do we require or solicit payment of fees in excess of \$500 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

As an advisory firm that maintains discretionary authority for client accounts, we are also required to disclose any financial condition that is reasonable likely to impair our ability to meet our contractual obligations. LPNA has no additional financial circumstances to report.

LPNA has not been the subject of a bankruptcy petition at any time during the past ten years.



## **Item 19 Requirements for State-Registered Advisers**

The following individuals are the principal executive officers and management persons of LPNA:

- Volker Engelbert, President

Information regarding the formal education and business background for each of these individuals is provided in their respective Brochure Supplements.

As previously disclosed, LPNA charges performance-based fees. Clients should be aware that performance-based fee arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

Accordingly, please refer to Item 5 ("Fees and Compensation") and Item 6 ("Performance-Based Fees"), for detailed information about LPNA's practices regarding the use of performance-based fees.

We are required to disclose all material facts regarding certain legal or disciplinary events pertaining to arbitration awards or other civil, regulatory or administrative proceedings in which LPNA or management personnel were found liable or against whom an award was granted.

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

As previously disclosed in "Other Financial Industry Activities and Affiliations" (Item 10), neither LPNA nor our management personnel have a relationship or arrangement with any issuer of securities.