

Item 1. Cover Page

Part 2A of Form ADV: Firm Brochure

LS Investment Advisors, LLC

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Date of Brochure: April 27, 2015

This Brochure provides information about the qualifications and business practices of LS Investment Advisors, LLC (referred to in this Brochure as “us,” “we,” “our” or the “firm”). If you have any questions about the contents of this Brochure, please contact William F. Camp, our Managing Partner, President and Chief Compliance Officer, at (248) 646-2650 or wcamp@LSIA.us.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

We are a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about us is available on the SEC’s web site at www.adviserinfo.sec.gov.

Item 2. Summary of Material Changes

The date of our last brochure Form ADV, Part 2 is March 25, 2014. Since that date, there have been no material changes to report.

In the past we offered to deliver or have delivered information about our qualifications and business practices to you on at least an annual basis. As required by the 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 fiscal year. We may further provide other ongoing disclosure information about material changes as necessary, including a new Brochure based on changes or new information, at any time, without charge.

Currently, you may request a copy of our Brochure by contacting William F. Camp, Managing Partner, President and Chief Compliance Officer, at (248) 646-2650 or wcamp@LSIA.us.com.

Additional information about our firm is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with us who are registered, or are required to be registered, as investment adviser representatives of the firm.

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Item 4. Advisory Business

OUR OWNERS AND PARTNERS

Our firm was organized in October 2008 as a spin-off from Natixis Global Asset Management, parent company to Loomis, Sayles & Company, LP ("Loomis Sayles"). Loomis Sayles is an independent and unaffiliated investment adviser registered with the Securities and Exchange Commission. Loomis Sayles was founded in 1926.

Our firm was established by our current partners: William Camp, Mark Shank, Karen McClintock, Jay Van Cleave, Kristine Hollister, Joann Kayser and Daniel Kostaroff.

We are required to disclose the persons owning twenty-five percent (25%) or more of our firm's membership interests. No one owns twenty-five percent (25%) or more of our firm's membership interests.

OUR INVESTMENT SERVICES

Our organizational structure allows us to manage client assets according to one or more of our portfolio strategies. We have three separate product teams that focus on equity investments, fixed income investments and passive investments. When appropriate, we may customize these strategies based on the specific goals and objectives of an individual client. A brief description of our strategies and the way in which we manage client accounts is provided below.

Generally, we provide investment management services to institutional investors and high net worth clients. We may also provide our services to other investment advisers and their clients through sub-advisory agreements.

Additionally, we may also provide financial consulting services to high net worth clients and smaller institutional investors. In this capacity, we act as the client's consultant but do not manage their assets. A brief description of our financial consulting services and the way in which we perform these services is provided below.

OUR EQUITY STRATEGY

Our Equity Strategy seeks to invest in industry-leading companies that have the potential to produce attractive long-term returns. We look for companies that demonstrate better business fundamentals than their industry or sector peers and we look to buy them at attractive entry points.

Our Equity Team employs quantitative and qualitative analysis, combining research conducted by Loomis Sayles, with our own investment process, experience and

judgment. When we evaluate potential equity investments, we analyze the following attributes: financial strength, competitive advantage, the presence of a catalyst, quality management and attractive valuations.

Our Equity Strategy is a large cap core style and aims for total returns in excess of the S&P 500 Index with lower variability of returns. We employ a different version of this strategy depending on whether the account is for a taxable client or a tax-exempt client.

OUR BOND STRATEGY

Fixed income investments come in a complex array of maturities, credit qualities and structures. Investors need to carefully match the right fixed income investment strategy with their objective. We use fundamental credit research, manage interest rate risk and implement yield curve strategies with the goals of preserving capital, generating income to meet spending needs and enhancing total return.

Fixed income portfolios are comprised of well-researched companies with a maturity structure that may be customized for specific client objectives. Issues are normally investment grade or better and trade with high liquidity. Credit quality and debt ratings are continuously analyzed and monitored to detect any deterioration in the financial strength of the issuer.

Our Bond Strategy may invest in either taxable or tax-exempt bonds based on the tax status of our client or the relative value between the two types of bonds.

OUR PASSIVE MANAGEMENT STRATEGY

Passive investments generally utilize rules-based strategies that provide investment returns that may resemble a predefined benchmark. Portfolios may be built by either full replication (i.e., investing in all the securities of the index in similar weights) or by sampling the index and investing in a subset of the securities of the index. Based upon the client's investment objectives, LS Investment Advisors may invest in one or more of the following strategies.

- **DOMESTIC EQUITIES:** Our Passive Domestic Equity strategies are focused on providing investment portfolios with results that closely resemble an underlying domestic index. In addition to standard indices, we may provide our clients with customized portfolios created specifically to match their investment goals.
- **INTERNATIONAL EQUITIES:** Our Passive International Equity strategy is focused on providing investment portfolios with results that closely resemble a non-U.S. or global index. We execute our investment strategy by providing indexed and

passive portfolios whose returns closely resemble an underlying benchmark or a customized portfolio. Our international portfolios may be composed of American Depositary Receipts (ADRs) or Ordinary shares traded on a foreign exchange (ORDs).

- **FIXED INCOME:** Our Passive Fixed Income strategies are focused on providing investment portfolios with results that closely resemble an underlying fixed income index. In addition to standard indices, we may provide our clients with customized portfolios created specifically to match their investment goals. Our fixed income portfolios may be composed of US Treasuries, US Agencies, Corporate Bonds and Mortgage-Backed Securities.
- **SOCIALLY RESPONSIBLE INVESTING:** Our Passive Socially Responsible strategies allow us to create passive portfolios that also consider a client's specific investment guidelines or social and religious beliefs.
- **CUSTOMIZED PORTFOLIOS:** Our Passive investment strategies may also be managed to closely resemble the returns of a custom tailored benchmark designed to accommodate specific client needs.

Some of our more common passive index strategies include S&P 500 Low Volatility Index, S&P 500 Dividend Aristocrats Index and MSCI Global Index. These strategies are weighted by alternate methodologies other than market capitalization, which is a popular weighting methodology for well known indices. These weighting methodologies may include equally weighted, risk weighted or custom weighted, such as our Equal Weight 30/70 strategy. Additional strategies and weighting methodologies are always under consideration for implementation.

OUR TOTAL PORTFOLIO STRATEGY

When investing in our Total Portfolio Strategy, often referred to as balanced accounts, we may allocate a portion of the client's portfolio to our Equity Strategy, our Bond Strategy and/or our Passive Management strategies. In addition, we may also allocate a portion of the client's portfolio to mutual funds and exchange traded funds ("ETFs"). We customize the allocation of assets within each client's portfolio based upon their specific investment goals and objectives.

DIRECT CLIENT PORTFOLIO MANAGEMENT

At the onset of new client relationships, we designate a portfolio manager to work closely with the client to understand the individual goals or mandate of the client

including long-term goals, risk tolerance, tax considerations, if any, and unique circumstances. We then create a portfolio designed to meet these objectives.

Based upon the nature of our engagement, client assets may be invested in accordance with our Equity Strategy, Bond Strategy, Passive Management Strategy or Total Portfolio Strategy.

Some clients will have a written investment policy statement (“IPS”) which includes goals, objectives, risk tolerance and any special or particular circumstance unique to them. Other clients may ask us to assist them in creating an IPS. Some of our clients, both institutional and individual, engage us to manage only a portion of their assets. We generally use their existing IPS or, depending on our engagement, the applicable portion of the IPS, to create and manage their portfolio.

While the majority of our client agreements are for discretionary management, we may also manage accounts on a non-discretionary basis if the client prefers. All clients, even those whose accounts we manage on a discretionary basis, have the opportunity to place reasonable restrictions on the types of investments we will make on their behalf. See **“INVESTMENT DISCRETION”** on page 26 for more information on how to place restrictions on discretionary accounts.

Our Total Portfolio Strategy may include investments in mutual funds and/or ETFs.

MANAGED ACCOUNT PROGRAMS

We provide investment advisory services to other investment advisors through an arrangement known as a managed account program (the “Program”). Under the Program, we make one or more of our strategies available to the other investment adviser’s clients. The investment adviser will determine if our strategy is suitable for its client. If the client is accepted, we will manage the client’s account with full discretionary authority and in accordance with any reasonable investment restrictions requested by the applicable client. We do not have an agreement with the client or direct relationship with the client. Instead, we enter into a sub-advisory agreement with the other investment adviser. The investment adviser establishes the fee which the client pays and we receive a portion of the fee for our advisory services as agreed upon in the sub-advisory agreement.

OTHER SUB-ADVISORY ARRANGEMENTS

We provide investment management services to plans through tri-party agreements with the investment adviser to the plan and the plan client. In these arrangements, the investment adviser will select us to manage a portion of the client’s assets in

accordance with a particular strategy. We will manage the assets in accordance with the client's investment guidelines, including any restrictions. We receive our fee directly from the client as agreed upon in our agreement with the investment advisor and the client.

FINANCIAL CONSULTING

Clients may hire us to act as their financial consultant. In this capacity, we gather applicable information through personal interviews with clients. This may include one or more in-person meetings and/or telephone calls. The information gathered may include, but is not limited to, their current financial position, future goals, attitudes towards risk and investment objectives.

We may provide clients with one or more of the following financial consulting services:

- **INVESTMENT CONSULTING:** We may create and recommend an asset allocation strategy taking into account some or all of our client's investments, short and long-term goals, and risk tolerance. We may recommend an investment strategy including asset allocation. We may recommend individual investment vehicles to implement the strategy giving consideration to investment fees and tax consequences. On an annual basis, we may review investment strategy, asset allocation and investment vehicles and provide recommendations or changes based upon changes to personal and financial situations or changes in the market environment.
- **RETIREMENT CONSULTING:** We may generate a detailed financial plan that will outline retirement and/or other investment goals, and the likelihood of achieving those goals given the market value of investments, annual savings, cash flow needs, estimated tax rates and hypothetical future market and inflation returns, among other factors. The financial plan may identify courses of action for our client to consider that may increase the likelihood of achieving goals, such as delaying retirement or spending less in retirement. Recommendations on the timing of receiving Social Security and pension benefits may also be included. On an annual basis, we may review financial plans and provide recommendations based upon adherence to the prior plan, changes in personal and financial situations and other factors that may affect retirement planning.
- **ESTATE CONSULTING:** We may help the client identify possible estate planning needs, including the necessity of a Will or Trust, Living Will and Power of Attorney, among other items but the client must engage his or her own legal counsel to draft the necessary documents. We may also help ensure that the trustees and/or executors of the estate, as well as the beneficiaries and titling of

assets, align with the client's estate planning desires. In addition, we may facilitate discussions on topics such as incapacity planning, guardianship considerations for children, generational planning and gifting strategies. We recommend that this information be reviewed periodically, and as circumstances change, by a licensed estate planning attorney. Clients should advise if there are changes to family or estate matters that would trigger an annual review.

- **INSURANCE CONSULTING:** We may identify potential insurance needs and cost savings opportunities on existing or new policies. We may review, as requested, life, disability, long-term care, liability, malpractice, property and health insurance. We recommend that this information be reviewed periodically, and as circumstances change, by a licensed insurance professional. Clients should advise us if there are changes to family or estate that would trigger an annual review.
- **INCOME TAX CONSULTING:** We may recommend an asset allocation strategy and specific investment vehicles that attempt to minimize the taxes paid on interest income and capital gains. We may suggest other tax minimizing techniques such as tax harvesting and income deferral, as well as savings strategies that may reduce taxable income. We may provide this service annually, generally in the fourth quarter of each year.
- **GENERAL FINANCIAL CONSULTING:** We may assist with other planning items such as college savings strategies, large purchase analysis (e.g., home or car), debt repayment considerations, involving children in generational planning, and creating personal financial statements (e.g., statement of net worth or spending plan). We may recommend specific action items as it relates to general financial consulting, but it will be the responsibility of our clients to implement such recommendations. We may help coordinate the planning effort between our client and their other service providers as needed.

ASSETS UNDER MANAGEMENT

As of December 31, 2014, we had \$3,081.9 million of assets under our management, of which we managed \$3,080.0 million on a discretionary basis and we managed \$1.0 million on a nondiscretionary basis.

Item 5. Fees and Compensation

PORTFOLIO MANAGEMENT

As compensation for our investment management services, we charge an advisory fee which is stated as a percentage of our client's assets under our management. Our advisory fees are based on the style of the strategy and are charged according to the following fee schedules:

EQUITY STRATEGY

ANNUAL FEE	ASSETS UNDER MANAGEMENT
0.90%	On the first \$2,000,000
0.80%	On the next \$3,000,000
0.70%	On the next \$5,000,000
Negotiable	On value over \$10,000,000

The minimum annual fee for our Equity Strategy is \$10,000.

BOND STRATEGY

ANNUAL FEE	ASSETS UNDER MANAGEMENT
0.70%	On the first \$2,000,000
0.60%	On the next \$3,000,000
0.50%	On the next \$5,000,000
Negotiable	On value over \$10,000,000

The minimum annual fee for our Bond Strategy is \$10,000.

TOTAL PORTFOLIO STRATEGY

ANNUAL FEE	ASSETS UNDER MANAGEMENT
0.80%	On the first \$2,000,000
0.70%	On the next \$3,000,000
0.60%	On the next \$5,000,000
Negotiable	On value over \$10,000,000

The minimum annual fee for our Total Portfolio Strategy is \$10,000.

PASSIVE MANAGEMENT STRATEGY: DOMESTIC EQUITIES

ANNUAL FEE	ASSETS UNDER MANAGEMENT
0.10%	On the first \$10,000,000
0.08%	On the next \$40,000,000
0.06%	On the next \$50,000,000
0.03%	On the next \$100,000,000
0.02%	On value over \$200,000,000

The minimum annual fee for our Domestic Equities Passive Management Strategy is \$10,000. Our Domestic Equities Passive Management fee schedule applies to uncustomized, domestic market cap weighted indices (e.g., S&P 500, Russell 1000 Value, etc.).

PASSIVE MANAGEMENT STRATEGY: DIVIDEND ARISTOCRATS

ANNUAL FEE	ASSETS UNDER MANAGEMENT
0.10%	On the first \$10,000,000
0.08%	On the next \$40,000,000
0.06%	On the next \$50,000,000
0.03%	On the next \$100,000,000
0.02%	On value over \$200,000,000

The minimum annual fee for our Dividend Aristocrats Passive Management Strategy is \$10,000.

PASSIVE MANAGEMENT STRATEGY: LOW VOLATILITY

ANNUAL FEE	ASSETS UNDER MANAGEMENT
0.15%	On the first \$10,000,000
0.12%	On the next \$40,000,000
0.09%	On the next \$50,000,000
0.06%	On the next \$100,000,000
0.03%	On value over \$200,000,000

The minimum annual fee for our Low Volatility Passive Management Strategy is \$15,000.

PASSIVE MANAGEMENT STRATEGY: EQUAL WEIGHT 30/70

ANNUAL FEE	ASSETS UNDER MANAGEMENT
0.10%	On the first \$10,000,000
0.08%	On the next \$40,000,000
0.06%	On the next \$50,000,000
0.03%	On the next \$100,000,000
0.02%	On value over \$200,000,000

The minimum annual fee for our Equal Weight 30/70 Passive Management Strategy is \$10,000.

PASSIVE MANAGEMENT STRATEGY: INTERNATIONAL EQUITIES

ANNUAL FEE	ASSETS UNDER MANAGEMENT
0.15%	On the first \$10,000,000
0.12%	On the next \$40,000,000
0.09%	On the next \$50,000,000
0.06%	On the next \$100,000,000
0.03%	On value over \$200,000,000

The minimum annual fee for our International Equities Passive Management Strategy is \$15,000.

PASSIVE MANAGEMENT STRATEGY: DOMESTIC FIXED INCOME

ANNUAL FEE	ASSETS UNDER MANAGEMENT
0.18%	On the first \$10,000,000
0.15%	On the next \$40,000,000
0.12%	On the next \$50,000,000
0.06%	On the next \$100,000,000
0.03%	On value over \$200,000,000

The minimum annual fee for our Domestic Fixed Income Passive Management Strategy is \$15,000.

PASSIVE MANAGEMENT STRATEGY: CUSTOM PORTFOLIOS

ANNUAL FEE	ASSETS UNDER MANAGEMENT
0.18%	On the first \$10,000,000
0.15%	On the next \$40,000,000
0.12%	On the next \$50,000,000
0.06%	On the next \$100,000,000
0.03%	On value over \$200,000,000

The minimum annual fee for our Custom Passive Management Strategy is \$15,000.

Our fees, including minimum annual fees, are negotiable and may differ from these standard fee schedules. At our sole discretion, we may increase or decrease our management fee based upon criteria such as the scope of the engagement, client longevity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, or account retention, among other things.

The amount of and specific manner in which we charge our fees are established in our written agreement with the client. We generally bill our fees on a quarterly basis in advance, but we may agree to bill in arrears upon client request. Clients may also authorize their designated custodian to deduct our fees directly from their custodial account. Accounts initiated or terminated during a calendar quarter will be charged a prorated fee.

Our agreements may be terminated by either our firm or the client by providing 30 days written notice to the other party. Upon termination any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Our fees for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and 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 or ETF directly, without our services. However, the client would not receive our services which are designed to, among other things, assist the client in determining which fund or funds are most appropriate and the appropriate allocation of assets to such funds based upon the 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 with respect to advisory services being provided.

In addition to our advisory fees, clients are also responsible for the fees and expenses, if any, charged by custodians and broker-dealers. Such fees may include, but are not limited to, commissions and mark-ups/mark-downs for trade execution, any transaction charges, fees for duplicate statements and transaction confirmations, and fees for electronic data feeds and reports.

See "**BROKERAGE PRACTICES**" on page 22 for more information regarding brokerage.

SUB-ADVISORY SERVICES

For our services as a sub-adviser, we typically receive a portion of the fee charged by the other investment adviser or investment program sponsor to the client or program participant, in accordance with the sub-advisory agreement between us and the other investment adviser/investment program sponsor. The fees paid to us in sub-advisory relationships are not uniform and are based on many factors including the breadth and complexity of the services we provide, the amount of assets and style of the portfolios we manage or advise upon and the negotiations between us and other advisers/program sponsors.

FINANCIAL CONSULTING

As compensation for our financial consulting services, we charge a quarterly consulting fee. This fee does not include fees for implementing our recommendations. For example, clients may pay additional fees to another adviser for managing assets, or commissions to a licensed insurance professional to purchase insurance.

Our financial consulting fee is based on the complexity of each client's individual situation and is charged either a Level I or Level II quarterly fee based on our sole discretion, as follows.

FINANCIAL CONSULTING SERVICES:

QUARERLY FEE	SERVICE LEVEL
\$1,000	Level I
\$2,000	Level II

The amount of and specific manner in which we charge our financial consulting fees are established in our written agreement with our client. We bill our financial consulting fees on a quarterly basis, in advance.

Our financial consulting agreement may be terminated by either our firm or our client, for any or no reason. Clients will receive a refund of their pre-paid quarterly fee if the agreement is terminated during a calendar quarter. The refund will be pro-rated based on the number of days elapsed in the quarter or the portion of the project completed by the Advisor, as agreed by Client and Advisor.

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

We do not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

Item 7. Types of Clients

We provide portfolio management services to institutional investors, high net worth individuals, foundations and endowments, pension and profit sharing plans, trusts, estates, insurance companies, unions and corporations or other business entities. From time to time, we may also provide sub-advisory services to other investment advisers or investment program sponsors and financial consulting services to high net worth clients and smaller institutional investors.

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

METHODS OF ANALYSIS

For our active strategies, we use fundamental analysis to evaluate equity and fixed income investments for our clients. Fundamental analysis is a technique that attempts to determine a security's value by focusing on the financial well-being of an economic entity as opposed to only the price movement of its securities. In the course of our analysis, we may review a company's financial statements and consider factors including, but not limited to, the company's revenue growth, the company's profitability, the company's competitive position and the company's ability to repay its debts. Because it can take time for a company's value to be reflected in the market, the risk associated with this method of analysis is that a gain is not realized until the price of the company's securities rises to the company's true value.

Through a Services and Research Sharing Agreement with Loomis Sayles, we access Loomis Sayles' equity, credit and economic research, back-office operations and technological infrastructure. In addition, we obtain information from a number of other sources, both public and by purchase, including financial newspapers and magazines, research materials prepared by third-parties, corporate rating services,

annual reports, prospectuses and filings with the SEC and company press releases. We believe these sources of information are reliable and we regularly depend on these resources for making our investment decisions.

For our passive strategies, we use quantitative tools to create portfolios that will produce returns that are generally similar to the returns of a market index or customized benchmark.

For our financial consulting service, our recommendations are based on the personal and financial information provided by our clients. Clients understand that they are solely responsible for the accuracy and completeness of all information provided to us regarding their background, circumstances, objectives and risk tolerance. Clients also understand that they must inform us of important changes to personal circumstances, such as marital status, children, other dependents, employment, other financial needs, objectives, goals, or investments held with other firms or any other changes which would impact their financial condition. Assumptions and projections used in our financial consulting service, including such things as interest rates, market performance, future values and tax rates, are based on historical data from sources that we believe to be reliable, but which have not been independently verified.

INVESTMENT STRATEGIES

We manage client portfolios according to our Equity, Bond, Passive Management and Total Portfolio Strategies as described above.

For our Equity Strategy, we maintain a Focus List of securities that forms the basis for most client portfolios. Not all clients will have the same allocation or the same securities in their portfolio. In addition, we may implement the purchase and sale of the same security but at a different time for different clients. Rather, client portfolios are customized based upon individual goals and objectives.

For our Bond Strategy, we define portfolio parameters such as duration, sector weights and average quality and then select individual bonds to meet those parameters.

For our Passive Management Strategy, we use quantitative methods and tools to sample or fully replicate a client-specified index or customized benchmark.

For our Total Portfolio Strategy we invest in a portfolio that may include an allocation to our Equity Strategy, Bond Strategy and/or passive management strategies in addition to mutual funds and/or ETFs. The allocation to these investments, if any, is customized and based on the client's individual needs and circumstances.

TYPES OF INVESTMENTS AND RISK OF LOSS

We may offer advice about a wide variety of investment types, including individual stocks, warrants, foreign equities, commodity futures, corporate debt securities, commercial paper, certificates of deposit, mutual funds, ETFs and municipal and federal government securities, each having different types and levels of risk. We discuss these risks with the client in determining the investment objectives that will guide our investment management for their account.

Investing in securities involves risk of loss that clients should be prepared to bear. Obtaining higher rates of return on investments typically entails accepting higher levels of risk. We work with clients to attempt to identify the appropriate balance of risks and rewards that is comfortable for them. It is still their responsibility to ask questions if they do not fully understand the risks associated with any investment or investment strategy.

While we continuously strive to use our best judgment and provide outstanding long-term investment performance for clients, many economic and market variables beyond our control can affect the performance of their investments. Therefore, we cannot assure clients that their investments will be profitable or assure them that no losses will occur in their investment portfolio. Past performance is not a guarantee of future results.

Certain risks apply specifically to particular investment strategies or types of investments. The risks involved for different client accounts will vary based on each client's investment strategy and the type of securities or other investments held in the client's account. Although not all possible risks are described, the following are descriptions of various risks related to our investment strategies:

- **ISSUER RISK:** A portfolio's performance depends on the performance of individual securities in which the portfolio invests. Changes to the financial condition or credit rating of an issuer of those securities may cause the value of the securities to decline or even become worthless.
- **EQUITY SECURITIES RISK:** The price of equity securities fluctuates based on changes in the issuer's financial condition which may be affected by the overall market and other economic conditions. Equity securities are subject to changes in value and their values may be more volatile than other asset classes.
- **MARKET RISK:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by

external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

- **SMALL & MID CAP COMPANY RISK:** Investing in small-capitalization companies may entail greater risk and higher volatility than investing in mid- and large-capitalization companies, due to factors such as shorter operating histories, less seasoned management or lower trading volumes, among other things. Investing in mid-capitalization companies may itself entail greater risk and higher volatility than investing in larger companies.
- **ASSET ALLOCATION STRATEGY RISK:** Asset allocation strategies do not assure profit or diversification and do not protect against loss.
- **PASSIVE STRATEGY RISK:** Passive strategies are generally tied to an underlying index but may not exactly replicate the performance of the underlying index or customized benchmark. Thus, passive strategies are subject to the risk that an investment management strategy may not produce the intended results, often referred to as tracking error. Alternate weighting methodologies carry greater tracking error risk against market cap weighted indices. Also, passive strategies are passively managed and do not take defensive positions in declining markets.
- **MANAGEMENT RISK:** The investment strategies, techniques and risk analyses employed by us, while designed to enhance returns, may not produce the desired results. Our assessment of a particular security or assessment of market, interest rate or other trends could be incorrect, which can result in losses.
- **INFLATION RISK:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **INTEREST RATE & CREDIT RISK:** The two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments. The principal on mortgage-backed or asset-backed securities may normally be prepaid at any time, which will reduce the yield and market value of these securities. Obligations of US Government agencies and authorities are supported by varying degrees of credit, but generally are not backed by the full faith and credit of the US Government. Investments in non-investment-grade debt securities (also known as high-yield bonds or junk bonds) may be subject to greater market fluctuations and risk of default or loss of income and principal than securities in higher rating categories.

- **MUNICIPAL SECURITY RISK:** Municipal securities are subject to interest rate and credit risks. There may be less information available on the financial condition of issuers of municipal securities than for public corporations. Municipal securities may be subject to a complete or partial loss if the municipality files for protection in bankruptcy. The market for municipal bonds may be less liquid than for taxable bonds. Some or all of the income from municipal bonds may be taxable. Some investors may be subject to Alternative Minimum Tax.
- **NON-US SECURITIES RISK:** Investments in the securities of non-US issuers are subject to the risks associated with non-US markets in which those non-US issuers are organized and operate, including but not limited to, risks related to foreign currency, fluctuations in the exchange rate, limited liquidity, less government regulation, and the possibility of substantial volatility due to adverse political, economic or other developments, differences in accounting, auditing and financial reporting standards, the possibility of repatriation, expropriation or confiscatory taxation, adverse changes in investment or exchange control or other regulations and potential restrictions on the flow of international capital. These risks are often heightened for investments in smaller capital markets or emerging markets.

MUTUAL FUNDS AND ETFs

A mutual fund is a pooled investment vehicle of stocks and/or bonds in which each investor owns shares, representing a portion of the holdings of the fund. Mutual funds of all types charge their shareholders various advisory fees and expenses associated with the establishment and operation of the funds. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, shareholder servicing, other fund expenses and sometimes a distribution fee. If the fund also imposes sales charges, the client may pay an initial or deferred sales charge. These separate mutual fund fees are disclosed in each fund's current prospectus, which is available from the mutual fund and we can provide to the client upon request.

An ETF is a security that tracks an index, a commodity or a basket of assets like an index fund, but trades similar to a stock on an exchange. Because ETFs trade similar to a stock, ETFs do not have a net asset value calculated every day like a mutual fund does, and ETFs experience price changes throughout the day as they are bought and sold. ETFs offer diversification, the ability to sell short, buy on margin and purchase as little as one share. However, because ETFs are traded on an exchange clients must also pay brokerage commissions for each transaction.

For any type of mutual fund or ETF investment, it is important for the client to understand that the client is directly and indirectly paying two levels of advisory fees and expenses: one layer of fees at the fund level and one layer of advisory fees and expenses to us. Also, many mutual funds pay shareholder servicing fees (12b-1 fees) to brokerage firms and their registered representatives in consideration of their services to the fund's shareholders.

FINANCIAL CONSULTING

In providing our financial consulting services, we rely heavily on information provided to us by our clients. If that information is inaccurate or omits important information, our advice may not achieve the desired results. When we are engaged to provide financial consulting, we do not actively manage the client's assets. We may make investment recommendations but we do not monitor those recommendations. There may be a greater risk of loss to investments which are not actively monitored.

All investments bear risks which are affected by events and circumstances beyond our control. Therefore, we cannot assure or guarantee that our advice or services will result in achieving their investment objectives or that significant loss of principal or income will not occur with respect to assets that they invest in accordance with such recommendations. Actual results from following the plan can be expected to vary from the plan's forecasts. We are not responsible for market or credit risk, or for errors in the exercise of judgment made in good faith based upon information then reasonably available.

Item 9. Disciplinary Information

As a registered investment adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to the client's evaluation of our firm or the integrity of our management. We have no legal or disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

We have a Services and Research Sharing Agreement with Loomis Sayles under which we access Loomis Sayles' equity, credit and economic research, back-office operations and technological infrastructure.

From time to time, we may recommend to clients an investment in a Loomis Sayles mutual fund. This creates a potential conflict of interest because Loomis Sayles has an ownership position in our firm and we have a material agreement with Loomis Sayles. We mitigate this conflict because we do not receive any compensation from

Loomis Sayles for recommending its mutual funds. We only receive fees from our clients and, therefore, have no financial incentive to recommend a Loomis Sayles mutual fund.

Additionally, since March 2011, Martha A. Strom has provided services to our firm as well as Loomis Sayles. Martha serves as our firm's bond trader and municipal bond portfolio manager, she also provides certain services to Loomis Sayles' fixed income trading desk, research department and product teams, including gathering market information relating to municipal securities; making recommendations for the purchase and sale of municipal securities to Loomis Sayles' product teams based on their client's investment objectives and strategies; executing all trades for such securities; monitoring all Loomis Sayles client municipal holdings; responding to any pricing issues; and providing other services as necessary.

Pursuant to the arrangement, Martha will comply with all LS Investment Advisors, and applicable Loomis Sayles, compliance policies and procedures. She will not knowingly or intentionally cross securities among or between both firm's clients and will maintain the confidentiality of each firm's client and trading information.

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

We, and the individuals associated with us (which we refer to as "related persons"), may, from time to time, buy or sell investment products for our personal account(s) ("proprietary accounts") that are the same as or similar to those that we purchase for or recommend to our clients. Differences in what we purchase in our own accounts and what we invest in for client accounts can arise due to variations in personal goals, investment horizons, risk tolerance and the timing of purchases and sales.

We have adopted a Code of Ethics to govern certain conduct, including but not limited to, trading in the proprietary accounts of our personnel and related persons. Proprietary accounts may not directly, or indirectly, purchase or sell a covered security when it is known, or reasonably should have been known, that such covered securities transaction competes in the market with any actual (or considered) covered securities transaction for any of our clients, or otherwise acts to harm any client's covered securities transaction. Our Code does, however, provide certain exemptions for large cap/de minimus transactions that are unlikely to affect the market of the covered security. Our Code of Ethics is in place and enforced to ensure that neither we nor related persons may take advantage of their position, or place their own interests above that of our clients.

We require that anyone associated with our advisory firm with access to advisory recommendations, client holdings, or other specified information, provide annual securities holdings reports and quarterly transaction reports of all reportable transactions to our designated officer. These reports are reviewed on a regular basis. Among other things, our Code of Ethics requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. We further require individuals associated with us to obtain preapproval, through a personal trading preclearance system, of the purchase or sale of any covered securities. Post-approval of any transaction is not permitted.

Our Code of Ethics provides for sanctions when appropriate. Clients and prospective clients may obtain a copy of our Code of Ethics upon request by contacting William F. Camp, our Managing Partner, President and Chief Compliance Officer, at (248) 646-2650 or wcamp@LSIA.us.com.

Item 12. Brokerage Practices

As an investment advisory firm, we have a fiduciary duty to seek best execution for client transactions. The SEC has indicated that among the specific obligations that flow from an adviser's fiduciary duty is the requirement to seek to obtain the best price and execution of client securities transactions where the adviser is in a position to direct brokerage transactions.

Where we have discretion over the choice of broker-dealer, as a matter of policy and practice, we seek to obtain best execution for client transactions (i.e., seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances.)

While we do not routinely recommend, request or require that a client execute transactions through a specified broker-dealer, we may recommend Schwab Institutional Services, Inc. a division of Charles Schwab & Co., Inc. ("Schwab"), a registered broker-dealer, for custodian and brokerage services, when a client requests. When recommending Schwab or any other broker-dealer, we consider their financial strength, reputation, execution, pricing and services.

When clients direct us to utilize a specified broker-dealer of their choosing, we will not seek better execution services or prices from other broker-dealers for that client. As a result, the client may pay higher commissions and transaction costs or receive less favorable net prices on transactions than could otherwise be the case. Clients who direct brokerage generally will not be able to participate in block trades.

Directed brokerage trades are typically executed after block trades have been executed.

As stated above in the “**FEES AND COMPENSATION**” section beginning on page 10, the brokerage commissions and/or transaction fees charged by Schwab or any other designated broker-dealer are exclusive of and in addition to our fee.

BLOCK TRADING

We may aggregate orders for securities transactions in such a way that a group of client accounts buying or selling a particular security will be traded in a block trade. In doing so, we strive to treat each client fairly and will not favor one client over another client. Each account that participates in an aggregated order will receive an average share price and transaction costs will be shared equally on a pro-rata basis. If an aggregated order is not filled in its entirety, it may be allocated among participating accounts on a prorated basis. However, if the partial fill is determined to be inappropriate for an account such that the number of shares for a particular account would be too few to warrant the investment or result in costly per ticket brokerage charges, then shares will not be allocated to that account.

We block trades where possible and when advantageous to clients. Blocking trades permits us to trade aggregated orders from multiple client accounts. Block trading may also permit us to execute trades in a more efficient and timely manner and allow us to obtain an average share price for clients participating in the block.

TRADE ERROR CORRECTION

Our policy is to identify and correct errors that may occur in handling client transactions as promptly as possible without disadvantaging the client or any other client. Whether an error is corrected prior to settlement or with a correcting transaction after settlement, we will be responsible for any loss resulting from the error. In the event the corrective action results in a gain, we do not keep any profit.

SOFT DOLLARS

We receive research and other materials from broker-dealers with whom we execute client securities transactions. We believe that the research and materials we receive is the same or similar to the type of research and materials that broker-dealers routinely provide to other investment advisers. That said, you may pay commissions in excess of those that other brokers may charge for transactional services alone, in recognition of the additional research provided by the broker-dealer. We believe that these soft dollar benefits are eligible research services within the definition of

research under Section 28(e) of the Securities Exchange Act, as amended. As such, we must determine in good faith that the amount of any commission paid is reasonable in relation to the value of the brokerage and research services provided, viewed in terms either of a particular transaction or our overall responsibilities with respect to accounts for which we exercise investment discretion. We must also determine that any research we receive provides lawful and appropriate assistance in the performance of our investment decision-making responsibilities. We may use this research and other materials to service all or a substantial number of our clients' accounts, including accounts not maintained at the broker-dealer providing the research. The availability of this research benefits us because we do not have to produce or purchase it.

COMPLIANCE TRADING SYSTEM

In order to enhance client guideline compliance monitoring, we utilize an integrated and automated compliance management system called Charles River Compliance Master System ("Compliance System") through our Services and Research Agreement with Loomis Sayles. The Compliance System is linked to our Charles River Trading System as well as our accounting system. The Compliance System offers pre-trade, post-trade and batch compliance monitoring capabilities for certain types of restriction and accounts. Where operational on a pre-trade basis, the Compliance System is designed to prevent a prohibited client transaction from being sent to the trading desk for execution. The batch compliance reports identify potential guideline issues caused by market movement or other non-volitional events.

TRADING OVERSIGHT COMMITTEE

We have established a Trading Oversight Committee ("TOC") to review and monitor our trading practices. The TOC regularly reviews best execution and directed brokerage issues, soft dollar arrangements and proxy voting guidelines, and other issues that may arise relating to trading.

As of December 31, 2014, our TOC had six team members, including our President and Chief Compliance Officer, Chief Investment Officer-Equities, Chief Investment Officer-Passive, Director of Operations, Head Equity Trader, and Fixed Income Trader. Our TOC meets monthly and is responsible for monitoring our firm's trading practice and periodically reviewing and evaluating the services provided by broker-dealers, the quality of executions, research, commission rates and overall brokerage relationships.

Item 13. Review of Accounts

DIRECT CLIENT PORTFOLIO MANAGEMENT

The designated portfolio manager is responsible for reviewing and monitoring the underlying securities and each client's account continuously in accordance with the client's stated investment objectives and guidelines. We will execute or recommend changes to holdings in a client's account as we deem necessary or appropriate.

We provide information to the client at least annually and are willing to meet with the client at least once per year. We also provide written reports summarizing account performance, transactions and holdings as agreed to at the inception of the advisory relationship. The information we provide is separate and distinct from the information that the custodian will send to the client.

The custodian of the client's account may send additional statements on a quarterly basis as well as transaction confirmation notices.

MANAGED ACCOUNT PROGRAMS & SUB-ADVISORY SERVICES

We will provide account reviews and reports as contracted for at the inception of the sub-advisory relationship or investment program sponsor.

FINANCIAL CONSULTING

We will provide information as required by our agreement with the financial consulting client.

Item 14. Client Referrals and Other Compensation

From time to time, we may enter into written agreements with third parties who solicit potential advisory clients on our behalf. Such agreements will comply with the prevailing provisions of Rule 206(4)-3 and other applicable requirements under the Investment Advisers Act of 1940. Generally, any such agreement will provide for the payment of a portion of the advisory fees we collect from advisory clients who have become our clients as a result of the solicitor's efforts. Such compensation will be based upon the advisory fees we collect from such a client and may be paid over a specified time period or for the entire time such client remains one of our firm's clients.

If we charge clients introduced by a solicitor an advisory fee that is higher than we would otherwise charge had they not been introduced by a solicitor, we will disclose

that fact to the client in writing at the time of our engagement. Clients understand that a solicitor may have a financial incentive to recommend our advisory services over other programs or services they might be able to recommend. The amount of this compensation may also be more than what a solicitor might receive if they were to recommend other programs or services or was paid separately for investment advice, brokerage or other services.

If requested by the client, solicitors may attend client meetings, monitor accounts and provide other services as requested by the client. We are not responsible, nor do we monitor, any additional services a solicitor may provide.

Item 15. Custody

We do not custody client assets, except for the limited purpose of deducting fees from client accounts who have authorized the deduction. As such, clients may receive statements periodically from the custodian that holds and maintains their investment assets. We urge clients to carefully review such statements and compare such official custodial records to the account statements that we may provide. We will also send clients annual reports which may include holding, gains and losses, transactions, performance and other reports as may be requested. Our statements may vary from official custodial statements based on accounting procedures, reporting dates and valuation methodologies of certain securities.

Item 16. Investment Discretion

If a client elects to give us discretionary authority to select the type, amount and timing of securities to be bought or sold in their account, such a grant of authority will be stated in the investment advisory agreement signed by the client. When clients grant us discretionary authority, we exercise this authority in a manner consistent with the stated investment objectives for the particular account. We also observe any stated investment policies, limitations and restrictions when purchasing securities in the client's account. Each client also signs a brokerage agreement or other authorization, in which the client will grant to us a limited power of attorney to carry out our discretionary authority to trade in their account.

Investment guidelines and restrictions may be provided to us in writing, and may be changed at any time with verbal or written notification. Clients are asked annually in writing to notify us promptly if their financial situation, investment objectives, goals or restrictions have changed.

Item 17. Voting Client Securities

Advisory clients may elect to delegate their proxy voting authority to us. Alternatively, clients may, at their election, choose to receive and vote proxies related to their own accounts, in which case we may consult with clients as requested. When we have discretion to vote client's proxies, we will vote those proxies in the best interests of the client and in accordance with our established proxy voting policies and procedures. With respect to ERISA accounts, we will always vote proxies unless the plan fiduciaries specifically reserve the right to vote its own proxies. Clients that have granted us proxy voting authority may request, in writing, information on how proxies for their account were voted.

Clients may obtain a copy of our proxy voting policies and procedures by contacting William F. Camp, Managing Partner, President and Chief Compliance Officer, at (248) 646-2650 or wcamp@LSIA.us.com.

Item 18. Financial Information

As a registered investment adviser, we are required to provide clients with certain financial information or disclosures about our financial condition in the event we have financial commitments that impair our ability to meet contractual and fiduciary commitments to clients. We do not have any such financial commitments that would impair our ability to meet our contractual and fiduciary commitments to clients and have never been the subject of a bankruptcy proceeding.