

FIRM BROCHURE
(Part 2A of Form ADV)

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Part 2A of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Fisher Investment Management, LLC. If you have any questions about the contents of this Brochure, please contact us at (415) 508-5295. 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.

Fisher Investment Management, LLC is registered as an investment adviser with Securities and Exchange Commission; however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made.

Additional information about Fisher Investment Management, LLC is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 1: COVER PAGE

Please refer to previous page.

ITEM 2: MATERIAL CHANGES

As Fisher Investment Management, LLC (“Fisher” or the “Firm”) is a newly registered investment adviser with the SEC, as of the date of this brochure, no material changes are noted. Our prospective clients are strongly encouraged to read this brochure in its entirety prior to engaging Fisher for any advisory services. Should you have any questions, please contact the Firm at (415) 508-5295.

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Item 4: Advisory Business

A. Description of Firm

Fisher Investment Management, LLC ("Fisher" or the "Firm") is a San Francisco, California based investment management firm, founded in 2011. Fisher currently is registered with the Securities and Exchange Commission ("SEC") as an investment adviser and organized under the laws of the State of Delaware as a Limited Liability Company ("LLC"). The Firm conducts business in California, Illinois, New York, Washington and Washington, D.C. Fisher offers investment management services exclusively to institutional clientele, including ultra high net worth clients, banking institutions, charitable endowments, business entities, and pension plans. As more fully described below, Fisher provides asset management services using separately managed accounts ("SMAs"). Some of the investment instruments Fisher advises its clientele on include both U.S. and international micro-, small- and mid-capitalization equities, fixed income securities and call accounts, which are investment accounts with a financial institution that typically pay higher rates of interest, have differing rules and benefits and are without a fixed maturity date. Fisher requires a minimum account size of \$10 million for its SMA investment management services.

B. Principal Owner

Fisher's principal owner is Fisher Funds Management Limited.

C. Types of Advisory Services Offered

Fisher offers two types of investment strategies: a Global Small Cap Strategy and a Fixed Income Strategy. The strategies generally utilize both U.S. and international equity securities and fixed income securities, such as corporate bonds. Fisher manages client assets on a discretionary basis, based upon the client's selected strategy and their particular investment objectives and other reasonable restrictions as outlined by the client either in an investment policy statement or client profile. The client is responsible for informing Fisher of any changes to the client's investment objectives, individual needs and/or restrictions. In addition, Fisher does not assume any responsibility for the accuracy of the information provided by clients.

D. Advisory Agreements

Prior to engaging Fisher to provide investment management services, each client is required to enter into one or more written agreements with the Firm, which will describe the management fees to be charged and the terms and conditions under which Fisher will render its services. Fisher will provide a Brochure and one or more Brochure Supplements to each client or prospective client prior to or at the same time a client executes Fisher's investment management agreement. Fisher will continue to provide services until terminated by the client or Fisher in accordance with the provisions outlined within the agreement.

E. Assets Under Management

As of the date of this Brochure, Fisher does not have any assets under management. However, at the time of its formation, the Firm has a reasonable expectation that it will meet the assets under management threshold needed to register with the SEC as an investment adviser and therefore be eligible for SEC registration.

ITEM 5: FEES AND COMPENSATION

As noted above, the client will be required to enter into a written agreement with Fisher setting forth the terms and conditions, including those fees under which Fisher shall render its services. Such fees are subject to negotiation under certain circumstances and at the sole discretion of the Firm.

For its SMA investment management services, Fisher charges fees based upon a percentage of assets under management, which generally is 1.00% annually. Fees are negotiable and the amount of the fee is based on, among other things, the amount and types of assets managed, the number of accounts the client desires Fisher to manage, length of relationship with the Firm and its principals and the strategy selected (*i.e.*, the Fixed Income Strategy or Global Small Cap Strategy). Management fees are billed in arrears and calculated on a quarterly basis based upon the fair market value as calculated by the client's custodian as of the last day of the calendar quarter.

Should a client open an account during the quarter, management fees will be prorated for assets held for a partial quarter based on the number of days that the account was open during the quarter. In the event that Fisher's services are terminated mid-quarter, the annual fee shall be prorated through the date of termination and any earned, unpaid balance will be immediately due and payable by client.

For all advisory services, a minimum fee of \$25,000 per quarter applies. The minimum fee level may be waived or varied at the sole discretion of Fisher. Lower fees for comparable services may be available from other sources.

In accordance with the client's advisory agreement, Fisher debits fees directly from client accounts for all SMA investment management services on a quarterly basis.

Clients should understand that the advisory fees described in the sections above do not include brokerage commissions, transaction fees, and other related costs and expenses which may be incurred by the client. Clients may incur certain charges imposed by third parties, such as custodial fees, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Additionally, clients may incur brokerage commissions and other execution costs charged by the custodian or executing broker-dealer in connection with transactions for a client's account. Neither Fisher nor any of its advisory personnel receive compensation for the sale of securities or other investment products purchased for a client's account.

The charges, fees and commissions incurred in connection with transactions for a client's account are exclusive of and in addition to the fees charged by Fisher, and are generally paid out of the assets in the account. Fisher shall not receive any portion of these commissions, fees and costs. Clients should review the fees charged by any third party together with the fees charged by Fisher to fully understand the total amount of fees to be paid by the client, and thereby evaluate the advisory services being provided. Please refer to Item 12 of this Brochure for additional important information about the brokerage and transactional practices of Fisher, including the factors that Fisher considers in recommending broker-dealers for client transactions and determining the reasonableness of their compensation.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Fisher does not charge performance-based fees (*i.e.*, fees calculated based on a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client) for its SMA investment management services. Moreover, Fisher does not engage in side-by-side management of accounts that are charged a performance-based fee with accounts that are charged another type of fee (such as assets under management). Please see Item 5 above for a description of how Fisher calculates its management fees.

ITEM 7: TYPES OF CLIENTS

Fisher provides advisory services exclusively to institutional clientele, and primarily to ultra high net worth clients, banking institutions, charitable endowments, business entities, and pension and profit sharing plans.

The minimum investment for Fisher's SMA investment management services is US\$10Mil, which may be waived by Fisher in its sole discretion. The Firm also reserves the right to accept or decline a potential client for any reason in its sole discretion.

There may be times when certain restrictions are placed by a client, which prevent Fisher from accepting or continuing to manage the client's account. Fisher reserves the right to not accept and/or terminate management of a client's account if it feels that the client's imposed restrictions would limit or prevent it from meeting and/or maintaining its overall investment strategy.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis

1. Global Small Cap Strategy

The preliminary stage of Fisher's method of analysis begins with the application of a proprietary screening process whereby the Firm utilizes filters to narrow down the universe of potential investments. In addition to screening, Fisher generates investment ideas through a broad relationship network including outside analysts, company executives and industry experts. Once the Firm has narrowed the universe of potential companies, Fisher employs a proprietary

investment analysis model called the STEEPP process to analyze potential, existing and new account companies. As further discussed below, STEEPP evaluations allow Fisher to score each potential investment opportunity based on a number of established criteria that the Firm believes should exist in a successful investment.

- **Strength of the Business:** To begin this analysis, the investment team will evaluate the strength of a company to determine if it has an identifiable competitive advantage, and if so, whether this advantage is sustainable. Fisher's investment team then will consider whether the company is a market leader and generally looks for companies that can maintain their profit margins by employing unique strategies.
- **Track Record:** Fisher will look at a potential investment's track record. Typically, this includes how the company has performed in the past and how the company has performed under its current management team. Fisher will attempt to determine whether the company has grown organically, or whether the company primarily grew through acquiring other companies in its industry. In addition, Fisher will analyze how the company performed during different economic environments and how this performance may foreshadow future performance.
- **Earnings History:** Fisher will analyze how fast the company has been able to grow its earnings, and whether this growth has been consistent or volatile. Fisher generally prefers to buy companies that exhibit secular growth characteristics where they have proven the ability to provide high or improving return on invested capital.
- **Earnings Growth:** Based on various data points, Fisher will attempt to forecast the growth, if any, of the company's earnings and earnings potential and will attempt to determine the company's probability of achieving this in the future. For the Global Small Cap Strategy, Fisher takes a long-term perspective and will attempt to determine where the company's earnings could be in the next one (1) to five (5) years.
- **People / Management:** Fisher's investment team also looks at the leadership and people who comprise the company's management. Fisher's investment team will look at the company's directors, how long they have served in their respective positions and what their history is with the company. They will also look at the depth of the company's management team and whether there is a succession plan for the key executive roles. For Fisher, the quality of the company's management and its corporate governance is of great importance. Accordingly, the Firm will look at whether the company's board and management have exhibited good corporate behavior in the areas of environmental and social considerations.
- **Pricing / Valuation:** Fisher's investment team will also look at the company's share price and valuation and attempt to determine whether the future earnings forecast is already reflected in the current share price. The Firm's investment team will consider where the company's current share price is in relation to the investment team's worst to best case valuation range. For this final stage of this analysis, a company may generate a

higher score if the current market price of the company's shares does not reflect what Fisher believes to be its upside potential.

Fisher's approval process for new investments consists of an overview and recommendation, culminating in an investment process based on the above STEEPP analytical process. This includes a score rating one (with one being the lowest rating) through five (with five being the highest rating) for each of the STEEPP criteria. The investment team's analysts then develop an investment thesis which sets forth their rationale for considering an investment in the company and includes the analysts' views on how the company's strategy will unfold leading to growth in earnings and shareholder value. This document is internally distributed for peer review before being formally reviewed at an investment team meeting. While the senior portfolio manager of the Global Small Cap Strategy retains the final decision making authority on the stock selection, this process reflects the collegiate and open nature of the Fisher investment team.

The portfolio construction process applies the STEEPP analytical process with additional portfolio considerations, including:

- The relative valuation of the potential investment;
- The absolute valuation of the potential investment as determined in the STEEPP process;
- Rating of the investment against the market and other 'like' investment opportunities;
- Examination of the market expectations of the investment; and
- Analysis of whether there is any over- or under-evaluation of the potential investment's performance as determined in the STEEPP process.

Once this is complete, the criteria for each component of the STEEPP process together with the additional portfolio construction process are scored from one (1) to five (5), with these scores multiplied by the assigned weights to determine the researched company's total score. Weightings assigned to each factor of the STEEPP process are determined by the investment team, and are periodically reviewed to ensure that they remain relevant. These multifactor STEEPP scores rank stocks on the basis of their short- and long-term investment merit and help to determine portfolio weights for each investment.

2. Fixed Income Strategy

When selecting potential investments to include in its Fixed Income Strategy, Fisher generally begins by gathering relevant information from sources that include broker reports, industry publications and information gathered from economists, strategists and industry peers. Once Fisher has gathered this information, the Firm will generally employ both top-down macroeconomic analysis and bottom-up analysis of a prospective investment's fundamentals. When conducting its top-down macroeconomic analysis, the Firm will focus on global macroeconomic variables, short-term trends and secular themes. This analysis forms the basis of Fisher's opinion on duration preference, yield curve positioning and sector selection. When conducting its bottom-up fundamental research, the Firm generally implements its STEEPP method of analysis, as described in Item 8.A.1. above. Once both the top-down and the bottom-up analysis is complete, a recommendation is made to the Firm's investment team regarding the investment's fitness for inclusion in Fisher's Fixed Income Strategy.

B. Investment Strategies

1. Global Small Cap Strategy

The investment strategy for the Global Small Cap Strategy is to achieve long-term capital appreciation by investing primarily in equity securities with market capitalizations generally ranging from one hundred million to five billion dollars at time of initial purchase. The strategy is not subject to any specific geographic diversification requirements. Countries in which the strategy may invest include, but are not limited to, the nations of Europe, North and South America and Asia. Fisher expects its portfolios to be invested in the equity securities of approximately 30-50 issuers, depending on the availability of stocks meeting Fisher's selection criteria at any given time. Fisher's approach in selecting investments for the Global Small Cap Strategy generally follows the STEEPP process and is oriented to individual stock selection as described in Item 8.A.1. above. While not subject to any specific limitations, the strategy generally aims to limit its exposure to any given position, and may restrict weighting to geographical regions and/or business sectors. From time to time, the Global Small Cap Strategy may invest in other asset classes, including but not limited to, cash, bonds and fixed income products, mutual funds and other investments Fisher believes will help attain the client's investment objective.

2. Fixed Income Strategy

Fisher's Fixed Income Strategy seeks to surpass the return of other income-generating investments (such as term deposits) by targeting a more competitive yield and modest capital appreciation with low to medium risk. This strategy's focus is on adding value through effective country and sector rotation and incorporating a disciplined approach to credit selection. Furthermore, this strategy seeks to implement specific limits to account weights designed to help ensure a balance between focus and diversification. The Fixed Income Strategy generally invests in government and agency bonds, cash or cash equivalents, derivatives, corporate debt instruments, asset-backed securities and inflation protected securities from issuers located in the Americas, Europe, Asia/Pacific and the Middle East. The ratings of the securities that comprise this strategy may range from AAA to unrated; however, the majority of the investments will generally be rated AAA to A. These securities generally have maturities of one to five years, but some of the investments this strategy invests in may have durations of twenty or more years. Fisher believes that the application of the methods of analysis as described in Item 8.A.2. above and this investment strategy will help clients to reach their overall fixed income objectives.

C. Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Prior to entering into an Investment Management Agreement with Fisher, a client should carefully consider: (1) committing to management only those assets that the client believes will not be needed for current purposes and that can be invested on a long-term basis, usually a minimum of three to seven years, (2) that volatility from investing in the stock market or other securities can occur, and (3) that over time the client's assets may fluctuate and at anytime be worth more or less than the amount invested.

An investor in the Global Small Cap Strategy should have a long-term perspective and be able to tolerate potentially wide price fluctuations. A client's investment in this strategy is subject to risks, including the possibility that the value of the client's account holdings may fluctuate in response to events specific to the companies in which the Fisher invests, as well as economic, political or social events in the U.S. or abroad. Although Fisher makes every effort to achieve its objective, it cannot guarantee it will attain that objective. The following list includes some of the primary risks of investing in the in the Global Small Cap Strategy:

- **Market Risk**: The client's account is subject to market risk—the risk that the securities markets will increase or decrease in value. Market risk applies to every security. Security prices may fluctuate widely over short or extended periods in response to market or economic news and conditions. Securities markets also tend to move in cycles, with periods of rising security prices and periods of falling security prices. If there is a general decline in the securities markets, it is possible a client's investment may lose value regardless of the individual results of the companies in which Fisher invests.
- **Common Stock Risk**: Common stocks are subject to greater fluctuations in market value than other asset classes as a result of such factors as a company's business performance, investor perceptions, stock market trends and general economic conditions. The rights of common stockholders are subordinate to all other claims on a company's assets including debt holders and preferred stockholders; therefore, the client's account could lose money if a company in which it invests becomes financially distressed. The strategy's portfolio tends to be invested in a relatively small number of stocks. As a result, the appreciation or depreciation of any one security held in the account will have a greater impact on the account's performance than it would if the account were invested in a larger number of securities. Although that strategy has the potential to generate attractive returns over time, it also increases the account's volatility. As a result, when a client elects to exit this strategy, their account may be worth more or less than the amount initially invested.
- **Foreign Securities Risk**: Investing in foreign securities typically involves more risks than investing in U.S. securities, and includes risks associated with: political and economic developments - the political, economic and social structures of some foreign countries may be less stable and more volatile than those in the U.S.; trading practices - government supervision and regulation of foreign security and currency markets, trading systems and brokers may be less than in the U.S.; availability of information – foreign issuers may not be subject to the same disclosure, accounting and financial reporting standards and practices as U.S. issuers; limited markets – the securities of certain foreign issuers may be less liquid (harder to sell) and more volatile; and currency exchange rate fluctuations and policies. The risks of foreign investments typically are greater in less developed countries or emerging market countries.
- **Foreign Exchange Risk**: Foreign securities are typically denominated in the local currency of each security. As the value of SMAs will be calculated by reference to U.S. dollar equivalent amounts, fluctuations in the exchange rates between the U.S. dollar and foreign currencies could impact account values irrespective of any changes in value of

the underlying foreign securities in their local currency. In addition, economic, political or market conditions in the U.S. could impact the value of the U.S. dollar.

- Growth Style Investing Risk: Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. Prices of these companies' securities may be more volatile than other securities, particularly over the short term.
- Small Cap Securities Risk: Investments in small cap companies may be riskier than investments in larger, more established companies. The securities of smaller companies may trade less frequently and in smaller volumes, and as a result, may be less liquid than securities of larger companies. In addition, smaller companies may be more vulnerable to economic, market and industry changes. As a result, share price changes may be more sudden or erratic than the prices of other equity securities, especially over the short term. Because smaller companies may have limited product lines, markets or financial resources or may depend on a few key employees, they may be more susceptible to particular economic events or competitive factors than large capitalization companies.

The following list includes some of the primary risks of investing in Fisher's Fixed Income Strategy:

- Interest Rate Risk: Interest rate risk is the risk that a debt security's value will decline due to changes in market interest rates. Even though some interest-bearing securities offer a stable stream of income, their prices will fluctuate with changes in interest rates.
- Credit Risk: Credit risk is the risk that the issuer of a debt security will fail to repay principal and interest on the security when due. Credit risk is affected by the issuer's credit status, and is generally higher for non-investment grade securities.
- Income Risk: Income risk is the potential for a decline in the account's income due to falling interest rates.
- Non-Investment Grade Securities Risk: Non-investment grade securities (also known as "junk bonds"), those rated below investment grade by the primary rating agencies, tend to have more volatile prices and increased price sensitivity to changing interest rates and adverse economic and business developments than investment grade securities. In addition, compared to investments in investment grade securities, investments in non-investment grade securities are subject to greater risk of loss due to default or decline in credit quality. There is a greater likelihood that adverse economic or company-specific events will make the issuer unable to make interest and/or principal payments, and more susceptible to negative market sentiment, leading to depressed prices and decreased liquidity.
- Prepayment Risk: Prepayment risk is the risk that the issuers of the bonds will prepay them at a time when interest rates have declined. Because interest rates have declined,

Fisher may have to reinvest the proceeds in bonds with lower interest rates, which can reduce the account's return.

- **Foreign Securities Risk:** Investing in foreign securities typically involves more risks than investing in U.S. securities, and includes risks associated with: political and economic developments - the political, economic and social structures of some foreign countries may be less stable and more volatile than those in the U.S.; trading practices - government supervision and regulation of foreign security and currency markets, trading systems and brokers may be less than in the U.S.; availability of information - foreign issuers may not be subject to the same disclosure, accounting and financial reporting standards and practices as U.S. issuers; limited markets - the securities of certain foreign issuers may be less liquid (harder to sell) and more volatile; and currency exchange rate fluctuations and policies. The risks of foreign investments typically are greater in less developed countries or emerging market countries.
- **Foreign Exchange Risk:** Foreign securities are typically denominated in the local currency of each security. As the value of SMAs will be calculated by reference to U.S. dollar equivalent amounts, fluctuations in the exchange rates between the U.S. dollar and foreign currencies could impact account values irrespective of any changes in value of the underlying foreign securities in their local currency. In addition, economic, political or market conditions in the U.S. could impact the value of the U.S. dollar.
- **Derivatives Risk:** The use of derivatives can lead to losses because of adverse movements in the price or value of the asset, index, rate or instrument underlying a derivative, due to failure of a counterparty or due to tax or regulatory constraints. Derivatives may create investment leverage in the client's account, which magnifies the account's exposure to the underlying investment. Derivative risks may be more significant when they are used to enhance return or as a substitute for a position or security, rather than solely to hedge the risk of a position or security held by the account. Derivatives for hedging purposes may not reduce risk if they are not sufficiently correlated to the position being hedged. A decision as to whether, when and how to use derivatives involves the exercise of specialized skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. Derivative instruments may be difficult to value, may be illiquid, and may be subject to wide swings in valuation caused by changes in the value of the underlying instrument. The loss on derivative transactions may substantially exceed the initial investment.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers such as Fisher are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of the Firm or the integrity of its management. Fisher does not have any such legal or disciplinary events, and thus has no information to disclose with respect to this Item.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Fisher, nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Additionally, neither the Firm nor any member of its management are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of these entities. Fisher does not recommend or select other investment advisers for direct or indirect compensation.

As disclosed in Item 4, above, Fisher is wholly owned by Fisher Funds Management Limited. Fisher Funds Management Limited is a New Zealand-based fund manager. Ken Applegate, David McLeish, Scott Brown, Scott Huan and Matt Logan, the investment professionals responsible for overseeing the Firm's investment strategies, are also employees of Fisher Funds Management Limited. Fisher Funds Management Limited offers its clients the opportunity to invest in the following funds:

- New Zealand Growth Fund;
- Australian Growth Fund;
- Trans Tasman Fund
- International Growth Fund;
- Fledgling Fund;
- Fisher Morrison Infrastructure Fund;
- Premium New Zealand Fund;
- Premium Australian Fund;
- Premium International Fund;
- Fisher Morrison Premium Infrastructure Fund;
- Kingfish Limited Ordinary Shares;
- Barramundi Limited Ordinary Shares;
- Marlin Global Limited Ordinary Shares
- KiwiSaver Conservative Scheme; and
- KiwiSaver Growth Scheme.

Clients of Fisher should be aware that while some of the funds offered by Fisher Funds Management Limited may follow similar strategies to those offered by Fisher, Fisher Funds Management Limited's range of managed funds can only be offered within New Zealand. However, Kingfisher Limited Ordinary Shares (KFL), Barramundi Limited Ordinary Shares (BRM), and Marlin Global Limited Ordinary Shares (MLN) are Listed Investment Companies (LICs) able to be actively traded on the New Zealand Exchange (NZX) by anyone.

Additionally, Ken Applegate, David McLeish, Scott Brown, Scott Huan and Matt Logan assist in the formulation of similar investment strategies for Fisher Funds Management Limited as the strategies offered by Fisher. Accordingly, while a portion of their time and efforts are dedicated to overseeing and formulating investment strategies for some of the funds offered by Fisher Funds Management Limited, some of this time and effort facilitates the activity of developing

and implementing the strategies offered by the Firm for its SMA investment management services.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics Summary

The Advisers Act imposes a fiduciary duty on all investment advisers to act in the best interest of its clients. Fisher's clients therefore entrust us to use the highest standards of integrity when dealing with their assets and making investments that impact their financial future. Our fiduciary duty compels all employees to act with integrity in all of our dealings.

Because Fisher's investment professionals and associated persons may transact in the same securities for their personal accounts as they may buy or sell for client accounts, it is important to mitigate potential conflicts of interest. To that end, Fisher has adopted personal securities transaction policies in the form of a *Code of Ethics* ("Code"), which all Fisher associated persons must follow. This Code provides personnel with guidance in their ethical obligations regarding their personal securities transactions and fiduciary duties formulating the basis of all of our client dealings. Specifically, the Code requires personnel to obtain written pre-approval of certain securities, report personal trades and holdings and prohibits certain trades in certain circumstances (*e.g.*, insider trading). The Code also contains procedures for reporting violations and enforcement. The Code is distributed to personnel for review initially upon hire, annually and anytime an amendment is made. Fisher will provide a copy of the Code to any client or prospective client upon request.

Fisher obtains information from a wide variety of publicly available resources. Fisher and its personnel do not have, nor claim to have, insider or private knowledge.

B. Participation or Interest in Client Transactions

Because the Code would permit associated persons of Fisher to invest in the same securities as clients, there is a possibility that the associated person could benefit from market activity by a client in a security held by that person. Employee trading is continually monitored under the Code, with an eye to reasonably prevent conflicts of interest between Fisher and its clients.

Fisher does not affect any principal or agency cross securities transactions for client accounts, nor does it effect internal cross-trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Should Fisher ever decide to effect principal trading or agency cross-trades, it will comply with the provisions of Rule 206(3) of the Advisers Act.

ITEM 12: BROKERAGE PRACTICES

A. Selection Criteria

Unless otherwise directed by a client, Fisher generally exercises discretion to select the brokers used for execution of client transactions. The selection criteria used by the Firm when selecting brokers includes, but is not limited to the following:

- Research capability, coverage and accessibility to Fisher's investment team;
- Ability to access international research, including relevant industry analysis;
- Ability to execute trades;
- Quality of customer service and interaction with Fisher;
- Transaction rates;
- Reliability and financial stability;
- Ability to access liquidity;
- Counterparty risk;
- Execution and settlement speed;
- Trust, including ability to maintain confidentiality regarding our market activities; and
- ECM capability, including primary and secondary issuance and block trades.

When placing client trades, Fisher strives to seek to obtain the best overall deal for the client at the time of the trade ("best execution"). Although Fisher will strive to achieve the best execution possible for client securities transactions, this does not require it to solicit competitive bids and Fisher does not have an obligation to seek the lowest available commission cost. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the overall best qualitative execution, taking into consideration the full range of a broker-dealer's services, including among other things, the value of research provided, execution capability, commission rates, and responsiveness. Consistent with these factors, while Fisher will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client transactions. Fisher is not required to negotiate "execution only" commission rates, thus the client may be deemed to be paying for research and related services (*i.e.*, "soft dollars"), if any, provided by the broker which may be included in the commission rate.

To ensure that brokerage firms recommended by Fisher are conducting overall best qualitative execution, Fisher will periodically (and no less than twice per year) evaluate the trading process and brokers utilized. Fisher's evaluation will consider the full range of brokerage services offered by the brokers, which may include, but is not limited to price, commission, timing, research, aggregated trades, capable floor brokers or traders, competent block trading coverage, ability to position, capital strength and stability, reliable and accurate communications and settlement processing, use of automation, knowledge of other buyers or sellers and administrative ability.

For those clients who direct brokerage and select broker-dealers not recommended by Fisher, clients should be aware that Fisher may not be able to negotiate specific brokerage commission rates with the broker on the client's behalf, or seek better execution services or prices from other broker-dealers. As a result, the client may pay higher commissions and/or receive less favorable net prices

on transactions for their account than might otherwise be the case and Fisher will have limited ability to ensure that the broker-dealer selected by the client will provide best possible execution. Please refer to Item 12.C. below for additional information.

B. Soft Dollar Considerations

From time to time Fisher may enter into certain soft dollar arrangements pursuant to the provisions of Section 28(e) of the Securities Exchange Act of 1934. Section 28(e) provides for certain "safe harbors" and allows investment advisers to use client commissions to pay for brokerage and research services under certain circumstances without breaching their fiduciary duties to clients. This practice is commonly referred to as "soft dollars". Brokerage and research services may include, among other things, effecting securities transactions and performing services incidental thereto (such as clearance, settlement and custody) and providing research information regarding the economy, industries, sectors of securities, individual companies, statistical information, taxation; political developments, legal developments, technical market action, pricing and appraisal services, credit analysis; risk measurement analysis and performance analysis. Such research information can be received in the form of written reports, telephone conversations, personal meetings with security analysts and/or individual company management, and attending conferences. The research services provided by a broker may be proprietary (*i.e.*, provided by the broker providing the execution services) and/or provided by a third party (*i.e.*, originates from a party independent from the broker providing the execution services).

In accordance with Section 28(e), Fisher may cause clients to pay brokerage commissions that are in excess of commissions that another broker may have charged for effecting the same transaction, so long as such adviser makes a good faith determination that the amount of commissions paid are reasonable in relation to the value of the brokerage and research services received. This must be viewed in terms of either the specific transactions or an adviser's overall responsibility to the accounts for which it exercises investment discretion.

Additionally, Section 28(e) permits advisers to use the research services provided by brokers to service any or all of the adviser's clients, and such services also may be used in connection with clients other than those making the payment of commissions.

Importantly, clients should understand that the use of soft dollars by Fisher may be deemed to be an indirect economic benefit to the Firm, which creates a conflict of interest between Fisher and its clients. To address the conflict of interest when using soft dollars, Fisher performs periodic reviews of the quality of execution and services provided by brokers to help ensure that clients are receiving the best overall qualitative transactions.

Fisher may inadvertently receive certain benefits from certain third-parties, although it does not currently have any formal soft dollar arrangements in place. Consequently, the following information is provided as there is a potential conflict of interest between Fisher and its selection of those third-parties who may provide the following research and brokerage services that may benefit the Firm and its clientele.

Fisher may recommend that clients establish brokerage accounts with certain custodians or may transact with certain brokers. While there is no direct link between the investment advice given to clients and Fisher's recommendation to use the custodial or brokerage services of these third-parties, certain benefits could be received by Fisher due to this arrangement.

For example, Fisher could receive the following benefits from a custodian or broker: receipt of duplicate trade confirmations and account statements; access to a trading desk that exclusively services institutional asset managers and facilitates trade execution; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; access to an electronic communication network for client order entry and account information; and other products or services that assist Fisher in managing and administering clients' accounts, such as research, pricing, facilitation of payment of management fees to Fisher from client accounts and client reporting.

C. Directed Brokerage

In circumstances where Fisher is directed by a client to execute all or a portion of the client's transactions through a specific broker (which is commonly referred to as "directed brokerage"), the client should understand that:

- (1) Fisher does not negotiate specific brokerage commission rates with the broker on client's behalf, or strive to seek better execution, and as a result the client may pay higher commissions and/or receive less favorable net transaction prices for their account than might otherwise be the case; and
- (2) Transactions for that account generally will be effected independently and not block traded, which may result in a higher transaction cost than what would otherwise be the case; and
- (3) Conflicts may arise between the client's interest in receiving best execution and Fisher's interest in receiving future client referrals from the broker.

Therefore, prior to directing Fisher to use a specific broker-dealer, a client should consider the above factors and determine whether that broker-dealer's execution, settlement capabilities, commission expenses and applicable custodial fees are comparable to those otherwise obtainable. Clients should understand that they might not be able obtain commission rates as low as might otherwise be obtainable by Fisher if the Firm had discretion to select other broker-dealers.

All directed brokerage arrangements must be provided to Fisher in writing by the client. Those clients also must notify Fisher in writing if the client decides to terminate the directed brokerage arrangement.

D. Order Aggregation

From time to time Fisher may determine that the purchase or sale of a particular security is appropriate for multiple advisory client accounts based on a variety of reasons. When this happens, Fisher may determine that it is in these clients' best interest to attempt to execute the trade orders as one or more block trades (*i.e.*, aggregate the individual trade for each account into one or more trade orders). These circumstances may in turn give rise to actual or potential

conflicts of interest among the accounts for whom the security purchase or sale is appropriate, and among the subset of those accounts actually participating in a block trade, especially if the block trade order results in a partial fill. In addition, there may be times when a Fisher employee account is among the accounts participating in an aggregated block trade.

In order to address these conflicts, Fisher has adopted certain policies and procedures that it follows when aggregating trades in an effort to provide an objective and equitable method of trade allocation so that all clients are treated fairly. The basic objectives of these policies and procedures are as follows:

- (1) Fisher will only aggregate trades when it believes that such aggregations are consistent with its duty to seek best execution for its clients;
- (2) Fisher will strive to ensure that no single account (client or employee) is favored over any other account; and
- (3) Each account that participates in an aggregated transaction shall participate at the average of the executed share price for that security.

E. Trade Errors

Errors created in SMAs must be corrected so as not to harm any client. The goal of error correction is to make the client whole, regardless of the cost to Fisher. Soft dollar arrangements or the promise of future trade commissions cannot be used to correct errors when placing a trade for a client's account and Fisher cannot correct a trade error made in a client's account by allocating the trade to a different account, unless that account was meant to receive the trade in the first place.

ITEM 13: REVIEW OF ACCOUNTS

A. Periodic Review of Accounts

All SMAs are reviewed on a quarterly basis (if not more frequently) to assess the overall asset allocation of the portfolio in light of the client's chosen investment strategy.

B. Review Triggers

Fisher may review client accounts more frequently due to changes to the tactical allocation targets and specific investments recommended by the Firm's investment analysts. In addition, possible changes in clients' goals and objectives, risk aversion, time horizon, or changes in the investment environment, tax laws or material market events, that may warrant account reviews and adjustments are discussed with clients on at least an annual basis. Furthermore, clients are urged to contact the Firm soon after any change in circumstance that impacts their risk tolerance, time horizon, investment objectives, tax status or other information that the Firm may have relied upon when rendering its investment advisory services.

C. Reviewers

Reviews are conducted by Fisher's advisers, investment analysts and members of the Firm's investment team. The following is a list of some of Fisher's investment professionals who conduct the Firm's periodic reviews:

- Ken Applegate, Senior Investment Analyst;
- David McLeish, Senior Investment Analyst;
- Scott Brown, Senior Investment Analyst;
- Scott Huan; Investment Analyst; and
- Matt Logan, Research/Portfolio Associate.

D. Regular Reports

Fisher typically sends written quarterly reports to all Separately Managed Account Services clients. The reports generally include account holdings summaries and performance reports. Clients are urged to carefully compare statements sent by the Firm with statements sent by other third parties, such as those sent by the client's custodian.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

As further detailed in Item 12 above, Fisher is provided with an economic benefit through its receipt of soft dollars in accordance with Section 28(e) of the Securities Exchange Act of 1934. Fisher has certain "soft dollar" arrangements whereby securities transactions are directed to certain broker-dealers in return for investment research products and/or services which assist Fisher in its investment decision-making process. The receipt of such services may be perceived to serve as an economic benefit to Fisher, and although customary, these arrangements give rise to potential conflicts of interest, including the incentive to allocate securities transactional business to certain broker-dealers based on the receipt of such benefits rather than on a client's interest in receiving most favorable execution. Please refer to Item 12 which more fully describes these benefits and how Fisher addresses the potential conflicts of interest.

From time to time Fisher may enter into an agreement with a solicitor for client introductions. If a client is introduced to Fisher by either an unaffiliated or an affiliated solicitor, Fisher may pay that solicitor a referral fee in accordance with Rule 206(4)-3 of the Investment Advisers Act of 1940 and any corresponding state securities law requirements. Any such referral fee shall be paid solely from Fisher's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to Fisher by an unaffiliated solicitor, the solicitor shall provide the client with a copy of Fisher's Form ADV Part 2 (the "Brochure") and a copy of the solicitor's disclosure statement, which contains the terms and conditions of the solicitation arrangement, including compensation. The solicitor is required by Fisher to obtain the client's signature acknowledging receipt of Fisher's Brochure and the solicitor's disclosure statement. In addition, any affiliated solicitor of Fisher shall disclose the nature of his/her relationship to a prospective client at the time of the solicitation. Since some states require a solicitor to be qualified and registered as an investment adviser representative, Fisher has developed internal controls to address these requirements.

ITEM 15: CUSTODY

Pursuant to Rule 206(4)-2 of the Investment Advisers Act of 1940, Fisher is deemed to have custody of client funds because the Firm has the authority and ability to debit its fees directly from clients' accounts. To mitigate any potential conflicts of interests, all Fisher client account assets will be maintained with an independent qualified custodian.

Notably, in most cases a client's broker-dealer also may act as the custodian of the client's assets for little or no extra cost. Clients should be aware, however, of the differences between having their assets custodied at a broker-dealer versus at a bank or trust company. Some of these differences include, but are not limited to, custodian costs, trading issues, security of assets, client reporting and technology.

Fisher may only implement its investment management recommendations after the client has arranged for and furnished Fisher with all information and authorization regarding its accounts held at the designated qualified custodian.

Clients will receive statements on at least a quarterly basis directly from the qualified custodian that holds and maintains their assets. Clients are urged to carefully review all custodial statements and compare them to any performance reports that may be provided by Fisher. Fisher's performance reports for client SMAs may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

ITEM 16: INVESTMENT DISCRETION

A. Discretionary Authority; Limitations

All SMA investment management services are performed by Fisher on a discretionary basis. In exercising its discretionary authority, Fisher has the ability to determine the type and amount of securities to be transacted and whether a client's purchase or sale should be combined with those of other clients and traded as a "block." Such discretion is to be exercised in a manner consistent with each client's stated investment objectives, risk tolerance, and time horizon. In addition, Fisher's authority to trade securities may be limited in certain circumstances by applicable legal and regulatory requirements. Clients are permitted to impose reasonable limitations on Fisher's discretionary authority, including restrictions on investing in certain securities or types of securities. All such limitations, restrictions, and investment guidelines must be provided to Fisher in writing.

B. Limited Power of Attorney

By signing Fisher's advisory agreement, clients authorize Fisher to exercise full discretionary authority with respect to all transactions involving the client's account. Pursuant to such agreement, Fisher is designated as the client's attorney-in-fact with discretionary authority to effect investment transactions in the client's SMA which authorizes Fisher to give instructions to third parties in furtherance of such authority.

ITEM 17: VOTING CLIENT SECURITIES

Fisher's policy and practice is generally to not to vote client proxies on clients' behalf. Consequently, Fisher shall have no obligation or authority to take any action or render any advice with respect to the voting of proxies solicited by or with respect to issuers of securities held in a client's account, unless the account is an ERISA account and such authority has not been delegated to another named fiduciary in the plan's written documents, or Fisher has otherwise agreed in writing to vote the client's proxy. Notably, Fisher will not be deemed to have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client.

Fisher typically does not advise or act for clients with respect to any legal matters relating to securities held in clients' SMAs, including bankruptcies and class actions.

ITEM 18: FINANCIAL INFORMATION

Fisher does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance and therefore is not required to provide, and has not provided, a balance sheet. Fisher does not have any financial commitments that impair its ability to meet contractual and fiduciary obligations to clients, and has not been the subject of a bankruptcy proceeding.