

# SIGNATURE.

## Signature Financial Management, Inc.

101 West Main Street, Suite 700  
Norfolk, VA 23510

Telephone #: 800 625-7670/757 625-7670

Fax #: 888 295-7101/757 625-7673

Email: [data@signatureus.com](mailto:data@signatureus.com)

Website: [www.signatureus.com](http://www.signatureus.com)

### BROCHURE

(FORM ADV PART 2A)

March 18, 2013

Item 1: Cover Page
--------------------

This brochure provides information about the qualifications and business practices of Signature Financial Management, Inc., referred to herein as “SIGNATURE.” If you have any questions about the contents of this brochure, please contact us at 800 625-7670 or 757 625-7670 or 101 West Main Street, Suite 700, Norfolk, VA 23510. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission, referred to herein as the “SEC”, or by any state securities authority.

Additional information about SIGNATURE also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

SIGNATURE is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. This registration does not imply any particular level of skill or training.

#### REALIZING WEALTH’S POTENTIAL

WORLD TRADE CENTER | 101 WEST MAIN ST | SUITE 700

NORFOLK, VIRGINIA 23510 | [SIGNATUREUS.COM](http://SIGNATUREUS.COM)

757 625 7670    800 625 7670    888 295 7101  
MAIN            TOLL FREE        FAX

Item 2: Material Changes
--------------------------

March 30, 2012

SIGNATURE's most recent update to Part 2 of Form ADV was made in March 2011. SIGNATURE's business activities have not changed materially since that time. However, in 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by SIGNATURE in prior years.

March 18, 2013

SIGNATURE amended its Proxy Voting Policy in 2012 to no longer vote proxies solicited by the issuers of securities held in client accounts. The vast majority of proxies attach to securities that SIGNATURE has not recommended and does not follow and thus has little basis for an informed proxy vote. SIGNATURE will continue to vote proxies until such time as the proxy voting authorization and delivery has been transitioned to the client.

Item 3: Table of Contents
---------------------------

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

Item 4: Advisory Business
---------------------------

**A. General Description of the Advisory Firm.** Anne B. Shumadine and Susan R. Colpitts founded SIGNATURE in 1994 in Norfolk, Virginia. Anne B. Shumadine is the principal owner. SIGNATURE's registered address is 101 W. Main Street, Suite 700, Norfolk, Virginia. SIGNATURE's offices are located in Norfolk, Virginia; Charlottesville, Virginia; Richmond, Virginia; and Lake Charles, Illinois.

**B. Description of Advisory Services.** SIGNATURE provides integrated wealth management services to high net worth individuals and their family entities, and to a small number of charitable trusts and foundations. These services include estate planning, tax and philanthropic planning and investment management.

**C. Availability of Tailored Services for Individual Clients.** SIGNATURE tailors its services to match the needs of each individual client. Each client's planning needs are different, and SIGNATURE addresses those needs on an individual basis. SIGNATURE designs client portfolios using SIGNATURE model portfolio structures. These model portfolios reflect different levels of risk and return and are managed based on the characteristics of the client, such as the client's need for liquidity, tolerance for concentrated positions in illiquid investments and time horizon. Clients may impose restrictions on investing in certain securities or types of securities. SIGNATURE offers to meet with each client as often as necessary for the client to feel comfortable about the investment process and calls each client proactively and asks to meet at least annually.

**D. Wrap Fee Program.** SIGNATURE does not participate in wrap fee programs.

**E. Client Assets Under Management.** As of December 31, 2012, SIGNATURE had approximately \$2,767,625,845 in assets under management; all held on a discretionary basis.

Item 5: Fees and Compensation
-------------------------------

**A. Advisory Fees.** SIGNATURE enters into a written investment advisory agreement with its clients. The advisory agreement contains the fee arrangement. Either party may cancel the advisory agreement without penalty upon thirty days' written notice. The client may also cancel the advisory agreement within five days of receiving this Form ADV Part 2A, along with Form ADV Part 2B. SIGNATURE generally charges investment advisory fees on a percentage of assets under management. SIGNATURE generally charges these fees quarterly in arrears based on the value of the portfolio as of the last day of the quarter. SIGNATURE's standard fee is 1.00% per year on the first \$1,000,000; .75% on the next \$2,000,000; .65% on the next \$2,000,000; and .50% on assets greater than \$5,000,000. Signature reserves the right to negotiate fees for accounts depending on the size and type of account, the investments in the account and the services required.

**B. Payment of Fees.** Investment clients generally authorize SIGNATURE to take payment of fees as they become due out of the client's account. SIGNATURE has the discretion to redeem at the then price or current net asset value a sufficient number of account securities in order to pay these fees. Fees are deducted quarterly. Some clients choose to pay by check. The custodian of the client's investment assets provides a written confirmation of the fees taken, but does not calculate nor verify the accuracy of the fees. SIGNATURE provides a detailed quarterly billing statement so that the client can confirm the accuracy of the fee calculation.

**C. Other Fees and Expenses.** SIGNATURE handles brokerage and other transaction costs as discussed in *Item 12: Brokerage Practices*. In addition, mutual funds, money managers and private placement vehicles charge investment management fees that are in addition to SIGNATURE's fees. The fund prospectus, the private placement documents or the separate agreement between the money manager and the client explain these fees.

Investors in SIGNATURE's investment limited partnerships generally will pay three levels of fees: (1) to the underlying fund managers or private equity entities, (2) to SIGNATURE as general partner, with limited exceptions, and (3) to SIGNATURE as investment advisor.

**D. Fees Payable in Advance.** SIGNATURE charges some clients a negotiated flat fee quarterly in advance. In this case, SIGNATURE refunds a portion of the fee, prorated on a daily basis, to the client should the contract be cancelled during the billing period.

**E. Commissions.** Neither SIGNATURE nor any of its supervised persons receives compensation for the sale of securities or other investment products.

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

SIGNATURE sponsors investment limited partnerships available only to investors who meet specified financial qualifications and who in general are SIGNATURE advisory clients. SIGNATURE has a nominal interest in these partnerships, some of which provide for performance-based fees in addition to quarterly management fees. While there generally is an incentive to favor accounts that provide performance-based fees over those that provide for asset-based or flat fees, these partnerships are a small part of an overall allocation to an eligible client's portfolio and as such, do not give rise to any significant incentive toward favoritism. SIGNATURE does not use discretionary investment management authority to invest client funds in SIGNATURE sponsored partnerships nor does it require any client to invest in SIGNATURE partnerships. SIGNATURE offers alternative investment opportunities with non-affiliated funds to clients who prefer not to invest in SIGNATURE partnerships.

## Item 7: Types of Clients

SIGNATURE has two business models.

- Family Office clients generally are families with \$20 million or more in net worth who have complex financial issues and require significant financial services beyond investment management, such as consulting in philanthropy, insurance advice, corporate compensation decision-making, trust and estate planning and administration, cash management, bill-paying, income tax organization and analysis and payroll tax and other record-keeping services.
- Affluent clients generally are families with \$5 to \$20 million in net worth whose services include routine financial planning and investment management. SIGNATURE generally requires that accounts must hold at least \$5 million in investment assets in order to be accepted for management.

Although SIGNATURE clients are predominantly individuals, their families and family entities, SIGNATURE also advises a select number of charitable organizations. With the exception of one profit-sharing plan, SIGNATURE does not directly advise pension or profit-sharing plans. SIGNATURE provides investment advice to individual clients with respect to the self-directed portion of their retirement plans.

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

**A. Methods of Analysis and Investment Strategies.** SIGNATURE seeks to achieve client investment objectives by allocating cash among asset classes, choosing independent money managers, monitoring the money managers' performance, and employing certain risk management or other techniques designed to enhance returns. SIGNATURE diversifies the assets in client accounts as its primary risk management tool. SIGNATURE invests client portfolios in several asset classes, including public and private equities, fixed income, real assets and hedge funds. SIGNATURE's client portfolios are intended to reflect the client's risk and return desires, time frame, liquidity constraints and other applicable limitations.

SIGNATURE develops asset allocation strategies based on its independent research and its current understanding of economic conditions. SIGNATURE uses analytic tools from sources such as Morningstar, Bloomberg and Pertrac and commentary and analysis from various financial institutions.

SIGNATURE uses independent managers to invest various portions of a portfolio in accordance with a client's approved asset allocation. Investments may be in the United States, developed countries or emerging markets, and the allocation among markets will change from time to time depending on underlying economic conditions and perceived risks and opportunities. Portfolios may include investments in companies of all sizes and in any sector, public and private, including investments in energy, natural resources, distressed securities, real estate, venture capital and buy-out, and other private equity, as well as any other business sectors or types of investments. In some cases, managers may invest in futures contracts, derivative instruments, duration investments, and other securities and financial instruments and may employ hedging or other non-traditional investing techniques, such as long and short equity investing, relative value and event driven arbitrage strategies, distressed securities investing, trading and short selling strategies, opportunistic investing in global equity and fixed income investing, and specialized equity investing.

SIGNATURE selects independent managers and allocates assets to them. SIGNATURE chooses managers for their expertise in particular investment strategies. SIGNATURE seeks to select managers that have demonstrated the ability to achieve superior risk adjusted rates of return and puts particular emphasis on managers who engage in extensive research and fundamental analysis.

In selecting managers, SIGNATURE weighs a number of relevant factors and makes its selection based on a comparison of such factors. SIGNATURE considers the following factors to be particularly important: strong consistent historical returns, well-articulated and understandable investment strategies, low expenses, tax efficiency, transparency, low downside risk and a strong cohesive team that is aligned with investor interests. SIGNATURE generally

compares the historical investment results of comparable money managers, evaluates written information supplied by the money managers and others, and conducts face-to-face interviews with individuals who would actually manage money for clients.

SIGNATURE's investment strategy and method of operation involve risk of loss to clients.

## **B. Material Risks Related to Investment Strategies.**

### Loss of Capital

All securities investments involve the risk of the loss of capital. The market value of a security may increase or decrease over time. These fluctuations can cause a security to be worth less than the price originally paid for it or less than it was worth at an earlier time. Market risk may affect a single issue, an entire industry or the market as a whole. Although SIGNATURE believes that its investment program will moderate this risk to some degree through a diversification of asset classes, investment strategies and multiple investment managers, SIGNATURE does not represent or guarantee that the program will be successful. A client's portfolio may include the use of investment managers who use such investment techniques as limited diversification, short sales, leverage, and uncovered option transactions, which practices can, in certain circumstances, maximize the adverse impact on invested assets and can result in a loss of the entire investment. To the extent the investment managers pursue investment opportunities in undervalued securities and "special situations," there is an inherent uncertainty in the appraisal of future values and a risk of loss of capital.

### Use of Leverage

Some managers may use leverage by purchasing instruments with the use of borrowed funds, or by trading options or futures contracts. Although such techniques increase the opportunity for a higher return on investment, they also increase the risk of loss.

### Increased Costs of Frequent Trading

Some of the strategies employed by the investment managers may involve frequent trading. Portfolio turnover and brokerage commission expenses may therefore significantly exceed those of other investment entities of comparable size.

### Volatility of Financial Markets

During the last several years, the financial markets have evidenced a high level of volatility. Enhanced volatility, market turmoil and the credit crisis are factors that may exacerbate volatility of the financial markets. Continued volatility could disrupt SIGNATURE's investment strategy. If the evaluation of an opportunity should prove to be incorrect, SIGNATURE clients could experience losses as a result of a decline in the market value of the securities held in long positions or an increase in the cost to cover securities held in a short position.



SIGNATURE cannot predict the timing of these adverse impacts.

### Foreign Investments

Foreign investments involve certain special risks, including risks associated with political and economic developments, higher operating expenses, foreign withholding and other taxes that may reduce investment return, possibility of expropriation of assets, reduced availability of public information concerning issuers and the fact that foreign issuers are not generally subject to uniform accounting, auditing and financial reporting standards or to other regulatory practices and requirements comparable to those applicable to U.S. issuers. Other risks include those resulting from fluctuations in currency exchange rates, revaluation of currencies and the possible imposition of currency exchange blockages. Securities of foreign issuers may be less liquid and their prices more volatile than those of securities of comparable domestic issuers. Transaction costs for foreign securities are generally higher than in the United States. Exchange controls and tax or other regulations (currently applicable or introduced in the future) may affect the value and marketability of, and the returns derived from, the foreign investments.

### Emerging Markets Risks

SIGNATURE may invest assets in securities issued by emerging markets companies. Securities of many issuers in emerging markets may be more volatile and less liquid than securities of domestic issuers and the risks of investing in foreign securities are often greater for investments in emerging markets. These risks include the possibility of: expropriation; nationalization; confiscatory taxation; imposition of foreign taxes on income and gains from securities such as imposition of dividend or interest withholding; foreign exchange controls; currency blockages or transfer restrictions; military coups or other adverse political or economic developments; default in foreign government securities; less government supervision and regulation of securities exchanges, brokers and listed companies; and difficulty of enforcing obligations in other nations. In addition, investments in emerging market securities involve special considerations due to more limited information, higher brokerage, custodial and other costs, different accounting standards and thinner trading markets. Communication between the United States and emerging markets may be less reliable than within the United States, increasing the risk of delayed settlements of portfolio transactions or loss of certificates for portfolio securities.

### Currency and Derivatives Risks

A decline in the value of a foreign currency relative to the US dollar will reduce the value of securities denominated in that currency.

Futures, options, swaps, and forward foreign currency exchange contracts are forms of derivatives. SIGNATURE may use derivatives to gain exposure to a market sector or country, to invest cash temporarily in a fund's primary asset class, or to adjust the duration of a fixed income portfolio. SIGNATURE may use derivatives to hedge a portfolio's currency or interest rate risk. SIGNATURE's use of derivatives presents several risks:

- the risk that SIGNATURE, the manager or the Partnership will not correctly anticipate the direction of movements in interest rates, securities prices, and foreign currency exchange rates;
- the imperfect correlation between the price of a derivative and that of the underlying securities, interest rates, or currencies being hedged;
- the possible absence of a liquid secondary market for a particular derivative;
- the risk that the other parties to a derivatives contract may fail to meet their obligations (credit risk); and
- the risk that adverse price movements in a derivative can result in a loss greater than the fund's initial investment in the derivative (in some cases, the potential loss is unlimited).

#### Short Selling

Some underlying investment managers may engage in selling securities short. Short selling exposes the seller to unlimited risk due to the lack of an upper limit on the price to which a security may rise.

#### Lack of Liquidity in Markets

Despite the heavy volume of trading in securities and futures, the markets for some securities and futures have limited liquidity and depth. This lack of depth could disadvantage an investor, both in the realization of the prices which are quoted and in the execution of orders at desired prices.

#### Investment in Non-Marketable Securities

Managers of private equity, venture capital and some real asset funds may invest capital in non-marketable securities as provided in each of their governing instruments. As a result, the investment manager may have to hold such security despite an adverse price movement.

**C. Risks Associated with Types of Securities that are Primarily Recommended.** See Item 8.B. above.

Item 9: Disciplinary Information
----------------------------------

SIGNATURE has incurred no disciplinary events or proceedings to date.

Item 10: Other Financial Industry Activities and Affiliations
---

- A. SIGNATURE is not registered as a broker-dealer.
- B. SIGNATURE is not registered as a commodity pool operator or commodity trading adviser.
- C. SIGNATURE has no other financial industry activities or affiliations except as general partner to several investment limited partnerships as mentioned in *Item 6 Performance-Based Fees and Side-By-Side Management*.
- D. SIGNATURE does not receive compensation for recommending or selecting other investment advisers for its clients.

Item 11: Code of Ethics, Participation or Interest in Client Transactions & Personal Trading
--

**A. Code of Ethics.** SIGNATURE has established, maintains and enforces a Code of Ethics, which includes, among other provisions, the following:

- Standards of business conduct that reflect our fiduciary obligations to our clients: SIGNATURE employees shall offer and provide professional services with integrity, objectivity, competence, fairness, confidentiality, professionalism and diligence;
- Provisions that require all SIGNATURE employees to comply with applicable federal securities laws;
- Provisions that require all SIGNATURE employees to periodically report, and SIGNATURE to review, their personal securities holdings and transactions;
- Provisions that prohibit the improper disclosure of confidential or material, nonpublic information about issuers;
- Provisions that require all SIGNATURE employees to promptly report violations of the Code of Ethics to SIGNATURE's Chief Compliance Officer; and
- Provisions that require each SIGNATURE employee to provide a written acknowledgement that he or she (1) has read the Code, (2) understands the policies and procedures outlined therein and (3) agrees to be bound by its terms. Employees will be reminded annually of their obligations under the Code.

Employees must obtain prior written approval from the Chief Compliance Officer before acquiring any securities in an initial public offering or private placement and before serving on the boards of directors of public or private companies. SIGNATURE approves these actions only if it determines that the acquisition or board service would be consistent with the interests of our clients and any securities laws. Employees serving as directors must remove themselves from investment decisions which might be inconsistent with the interests of our clients. Furthermore, SIGNATURE does not advise with respect to any security of an entity in which a SIGNATURE employee is an insider.

SIGNATURE maintains its Code of Ethics and its policies and procedures in writing and provides them to clients and prospective clients at their request.

**B. Client Transactions in Securities where Adviser has a Material Financial Interest.** As the general partner, SIGNATURE has a nominal interest in several investment limited partnerships in which SIGNATURE's officers and employees invest alongside our eligible investment advisory clients. Such interest and side-by-side investing may encourage SIGNATURE to invest client assets in the partnerships and may influence the allocation of these assets. SIGNATURE reviews client portfolios on a regular basis in conjunction with allocation guidelines to ensure that they are invested solely in the best interests of the client and in accordance with the client's investment objectives. *See Item 13: Review of Accounts.*

The partnerships may invest in entities in which SIGNATURE officers, employees and clients invest independently. Such investments may influence the allocation of partnership assets among the entities and the decision to maintain, increase or withdraw assets from any particular entity or managed account. If SIGNATURE determines that a particular investment is suitable for both the partnerships and SIGNATURE clients, SIGNATURE will allocate that investment among the partnerships and clients in a manner that SIGNATURE determines is fair and equitable to all investors under the circumstances.

**C. Investing in Securities Recommended to Clients.** SIGNATURE and its related persons, such as officers and employees, may simultaneously engage in the purchase or sale of certain investments that are also being traded for clients. To achieve the desired level of diversification, client portfolios include mutual funds and professionally managed accounts, in addition to direct investments in ETFs, closed end mutual funds, and stocks of broadly diversified holding companies. SIGNATURE officers and employees frequently invest alongside and in line with client portfolios and are included in the aggregation process as described in *Item 12: Brokerage Practices*. SIGNATURE requires its related persons to disclose their securities trading for both personal and family accounts to the Chief Compliance Officer, who determines that there are no undisclosed potential conflicts of interests with our clients.

Item 12: Brokerage Practices
------------------------------

**A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.** SIGNATURE generally has the discretion to specify the types and amounts of securities to be bought or sold in client accounts, along with the broker-dealers through whom securities are traded and the commission rates at which these transactions are effected. Under the provisions of its written investment advisory agreement, SIGNATURE's policy is to secure for its clients the best overall execution of buy or sell orders at the most favorable net prices in securities transactions, consistent with a determination as to the business qualifications of the various broker-dealer firms with which SIGNATURE may do business. Among the factors SIGNATURE considers in selecting a broker-dealer are price, efficiency in effecting the transactions, reliability and financial stability, custody, quotation and recordkeeping services.

**1. Research and Other Soft Dollar Benefits.** SIGNATURE custodies client assets primarily with Charles Schwab & Company and BNY Mellon and generally uses these companies to trade for client accounts. Clients pay the custodian through commissions and other transaction-related or asset-based fees for securities trades that the custodians execute.

SIGNATURE frequently negotiates lower transaction costs than are typically available to retail investors as a result of the level of custodied assets. In addition to lower transaction costs, SIGNATURE may sometimes receive a discount from Schwab on maintenance of portfolio software contingent upon placing or maintaining a specific level of assets at Schwab, which software allows SIGNATURE to execute trades electronically on behalf of clients. Schwab provides SIGNATURE the support necessary to provide this service, such as access to client account data, pricing information and other market data, as well as back-office support, recordkeeping and client reporting.

In addition to brokerage, institutional services include research, access to mutual funds and other investments that are otherwise available only to institutional clients. In addition, SIGNATURE receives educational opportunities and occasional business entertainment of personnel.

It is not SIGNATURE's practice to negotiate "execution only" commission rates; therefore, the client may be deemed to be paying for these other benefits provided by the custodian which are included in the commission rate. These products and services obtained by the use of commissions arising from client portfolio transactions may be used to facilitate the management of all client accounts. SIGNATURE does not attempt to allocate these benefits to client accounts proportionately to the commissions generated by the accounts.

In evaluating the choice of custodian, SIGNATURE may take into account the availability of some of the foregoing products and services as factors in the decision, in addition to the cost and quality of custody or brokerage services. For this reason, the use of client commissions to obtain these products and services presents a potential conflict of interest in creating an incentive for SIGNATURE to select a custodian based on its interest in receiving those products and services.

**2. Brokerage for Client Referrals.** SIGNATURE does not select or recommend broker dealers based on whether we receive client referrals from such broker-dealer.

**3. Directed Brokerage.** SIGNATURE permits clients to direct their brokerage. If clients choose to do so, SIGNATURE will not be able to negotiate commissions for those accounts, and, as a result, these clients might pay higher commission rates.

**B. Order Aggregation.** While each client is advised independently and transactions directed in accordance with such advice, SIGNATURE may aggregate orders to reduce execution costs. If SIGNATURE aggregates orders, SIGNATURE allocates the securities in the order among client accounts so as not to systematically favor any client account over another. SIGNATURE determines which accounts will participate in an aggregated order on a

case by case basis in the best interests of the client and considers such factors as account size, suitability, taxes, diversification and/or cash availability. Participating accounts share the benefit, if any, of aggregation pro rata. If aggregated orders are not completely filled on the day on which they are placed, SIGNATURE completes the allocation on the next business day when the order is filled at the average price for trades on both days. Each participating client should receive the average share price on the transaction day and costs should be allocated pro rata.

Item 13: Review of Accounts
-----------------------------

A SIGNATURE team manages each client relationship. SIGNATURE's client management teams consist of a relationship manager, referred to herein as an RM, an operations associate and a member of the investment team assigned to that client. Each RM supervises and works closely with other members of the team and they carry out the RM's instructions with respect to the account.

Family Office RMs manage between five and ten clients. SIGNATURE teams review Family Office accounts at least monthly.

Affluent client RMs manage forty to fifty client relationships. SIGNATURE teams review Affluent client accounts at least quarterly. A committee consisting of the responsible RMs, investment department and operations personnel and the Chief Compliance Officer conducts annual account reviews.

SIGNATURE designs these reviews so that each portfolio receives the benefit of SIGNATURE's best investment thinking in light of the client's objectives and restrictions, if any, and so that no client account is disadvantaged vis-a-vis another. A number of factors may trigger a SIGNATURE account review, such as changes in the client's circumstances or objectives, a need to rebalance the account to reflect the agreed upon allocation, or changes in the investment or tax environment that may impact the account's performance.

The RM is primarily responsible for financial planning with support from the planning department and the RM's supporting team. The RM and an associate from the planning department or planning team work closely reviewing input and recommendations.

SIGNATURE provides written quarterly reports to our clients, which reflect deposits and withdrawals from the account and investment performance net of SIGNATURE fees and the impact of investment management fees charged by mutual funds and money managers, as well as transaction costs.

#### Item 14: Client Referrals and Other Compensation

SIGNATURE is not compensated by any non-client in connection with providing advice to clients. SIGNATURE does not directly or indirectly compensate any individual or entity for client referrals.

#### Item 15: Custody

SIGNATURE clients receive account statements at least quarterly from the qualified custodian of the client's assets. SIGNATURE encourages clients to carefully review and compare the information in the custodian's statements with the information in SIGNATURE's quarterly statements for consistency.

SIGNATURE's private investment limited partnerships are subject to annual audits by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board ("PCAOB"). Audited statements are delivered to investors within 180 days of fiscal year-end.

SIGNATURE offers a bill-paying service to clients and is subject to an annual surprise audit by a PCAOB independent public accountant in accordance with SEC regulations.

#### Item 16: Investment Discretion

As described in *Item 5 Fees and Compensation* and *Item 12 Brokerage Practices*, SIGNATURE clients enter into a written investment advisory agreement that sets forth the scope of SIGNATURE's discretion. Unless otherwise directed by the client, SIGNATURE has the authority to invest client assets, including the investment and reinvestment of interest, dividends and capital gains, and to exercise authority granted under a limited power of attorney included in their custodial account agreement.

SIGNATURE has the power under this limited power of attorney to direct the transfer of funds for investment purposes or to the client personally and in this regard, may send checks, wire funds, and otherwise transfer funds held in the client's accounts (1) to other accounts of identical registration, (2) to the client at his address of record, or (3) as otherwise directed by the client in writing.



Item 17: Voting Client Securities
-----------------------------------

SIGNATURE is in the process of changing proxy voting authority to the client, at which time SIGNATURE will no longer vote proxies solicited by or with respect to the issuers of securities in which client accounts may be invested and will not take any action or render any advice on investments in client accounts which become subject to class actions or related litigation or other matters such as mergers, acquisitions, tender offers, bankruptcy proceedings or other similar events, although SIGNATURE may provide a client limited assistance upon request on an informal basis.

Item 18: Financial Information
--------------------------------

SIGNATURE is unaware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitment to our clients.