



SEGALL BRYANT & HAMILL

Timely Investments...Timeless Dependability

August 30, 2013

**Segall Bryant & Hamill**

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This Brochure provides information about the qualifications and business practices of Segall Bryant & Hamill ("SBH"). If you have any questions about the contents of this Brochure, please contact us at 312-474-1222 or 800-836-4265 and/or [contactus@sbhic.com](mailto:contactus@sbhic.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Segall Bryant & Hamill is 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 Adviser.

Additional information about Segall Bryant & Hamill is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **MATERIAL CHANGES**

This brochure was first filed with the SEC on March 30, 2011 and an update was filed on June 15, 2011. Material changes to this brochure are noted below:

### **August 30, 2013**

- Effective July 31, 2013, Segall Bryant & Hamill now manages two mutual funds via Investment Managers Series Trust;
  - Segall Bryant & Hamill All Cap Mutual Fund
  - Segall Bryant & Hamill Small Cap Value Mutual Fund

### **March 26, 2013**

- The Clifton Group Investment Management Company was sold on 12/31/2012, and is no longer affiliated with Segall Bryant & Hamill.
- Dougherty Financial Group no longer provides Segall Bryant & Hamill administrative services for Legal, Compliance or Human Resources.
- Paul Lythberg was named Chief Compliance Officer effective January 1, 2013.

Currently, our Brochure may be requested by contacting Savanh Khamdeng in Marketing at 312-474-4137 or [kkhamdeng@sbhic.com](mailto:kkhamdeng@sbhic.com). Our Brochure is also available on our web site, [www.sbhic.com](http://www.sbhic.com) also free of charge.

Additional information about Segall Bryant & Hamill is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information about any persons affiliated with Segall Bryant & Hamill who are registered, or are required to be registered, as investment adviser representatives of Segall Bryant & Hamill.

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## **ADVISORY BUSINESS**

Segall Bryant & Hamill (“SBH”) is a registered investment advisor established in 1994. SBH provides professional portfolio management of domestic equity, fixed-income and balanced portfolios, and alternative investments, to foundations, endowments, corporations, public funds, multi-employer plans, and private clients. Our client base is geographically diverse with investors in the US and several foreign countries.

SBH is a private independent employee owned company. SBH, a Minnesota partnership registered under the Investment Advisers Act of 1940, as amended, is approximately 35% owned by Dougherty Advisory Services LLC (“DAS”), which is owned by Dougherty Financial Group LLC (“DFG”). SBH is a partnership among DAS, SBGP Holdings, Inc. (an entity owned by Ralph M. Segall and C. Alfred Bryant) and SBHE LLC, an entity owned by a group of other SBH employees.

SBH is headquartered in Chicago, Illinois. SBH provides fee-based investment management of equity, fixed income and alternative investment portfolios to different client types on a discretionary and non-discretionary basis.

SBH manages client portfolios according to a number of strategies. Some of the principle strategies are:

- All Cap
- Large Cap
- Mid Cap
- Small Cap Expanded Core
- Small Cap Equity
- Small Cap Value
- Intermediate Fixed Income
- Core Fixed Income
- Municipal Fixed Income
- Balanced
- Alternative Investments

### ***Wrap Fee Programs***

SBH also participates in the following wrap fee programs. The sponsors of the wrap programs have contracts with the client to perform investment management and/or custodian services:

- Citi Private Bank [“*Citigroup Global Markets*” is the sponsor]. These programs (collectively, the “Programs”) may include Fiduciary Services, Select UMA, Select Portfolios, Fiduciary Asset Management, other programs sponsored by

GGMI as well as similar programs provided by GGMI to Citibank, N.A. (“Citibank”) for distribution to Citi’s Private Bank clients;

- Concord Trust & Wealth Solutions [“*Concord*” is the sponsor];
- Credit Suisse Securities Managed Portfolio Alternatives Program [“*Lockwood Advisors Inc.*” is the sponsor]
- Envestnet Asset Management [“*Envestnet Asset Management*” is the sponsor];
- JP Morgan Managed Account EDGE [“*JP Morgan*” is the sponsor];
- LPL Financial Manager Select[“*LPL Financial*” is the sponsor];
- Lockwood Managed Account Utility [“*Lockwood Advisors, Inc.*” is the sponsor];
- Morgan Stanley Smith Barney Fiduciary Services [“*Morgan Stanley Smith Barney*” is the sponsor];
- Pershing LLC Advisor Solutions, Managed Account Direct (MAD) [“*Pershing LLC Advisor Solutions*” is the sponsor].
- Schwab Management Account Access (“MAA”) [“*Schwab*” is the sponsor];

A broker dealer which is under common control with SBH, Dougherty & Company LLC, utilizes J.P. Morgan Clearing Corp. SBH may be appointed by this affiliate as a manager through this wrap program.

#### ***Separate Managed Account Dual Contract Programs:***

Under these programs, an adviser has a contract with its client to perform investment manager and possible custodian services. The adviser, in turn, establishes a contract with SBH to provide advisory services to the adviser’s client. SBH may establish a contract directly with the client or contract with the adviser on the client’s behalf. SBH may from time-to-time establish other such relationships. The advisers that have contracted with SBH include:

- **Fidelity Separate Account Network (“Fidelity”)** program.
- **Fifth Third Bank Custom Plus Program (“Fifth Third”).**
- **LPL Financial Manager Access Network (“MAN”)** Separate Account
- **Schwab Managed Account Marketplace (“Marketplace”)** separate account program. Schwab facilitates a means by which advisors can select investment managers, i.e., SBH.
- **Raymond James OutSide Managed (“OSM”)** separate account program.
- **TD Ameritrade Separate Account Exchange (“SAE”)** separate account program.
- **UBS Financial Services, Inc. Managed Account Consulting (“MAC”)** separate account program.
- **Wells Fargo Advisors Private Advisor Network** separate account program.

#### ***Unified Managed Account “UMA” Programs***

SBH also participates in the following Unified Managed Account Programs (“UMA”). The sponsor has a contract with the client to perform investment management and

custodian services. The sponsor in turn retains through sub-manager contracts, other persons or entities, i.e., SBH, to provide advisory services by delivering model portfolios to the sponsor.

Concord Trust & Wealth Solutions Model License Program  
Envestnet Third Party Models Program  
Morgan Stanley Smith Barney Consulting Group Select UMA Program  
Placemark Investments UMA Marketplace Program  
RBC Wealth Management Consulting Solutions Model Program  
Smartleaf Model Relicense Program

***Separate Managed Account Referral Fee Programs***

SBH also participates in the Schwab Advisor Network (“SAN”) program. SBH is given authority by the client to manage the assets in the account(s) custodied at Schwab.

***Managed Mutual Fund Accounts***

SBH also provides advice to client accounts which are limited to shares in mutual funds. Where a client account is invested solely in shares of the mutual funds, SBH often charges the client a flat administrative fee in respect of the special accounting, reporting and investment advisory services rendered to the client. Clients should be aware that, in addition to fees paid to SBH, they are paying an investment management fee to the adviser of the mutual fund which is disclosed in a fund’s prospectus. Such charges, fees and commissions are exclusive of and in addition to SBH’s fee, and SBH does not receive any portion of these commissions, fees, and costs, except SBH may receive compensation for providing shareholder services. In an instance in which SBH would purchase mutual fund shares for a client account from which it was receiving investment management fees, SBH would exclude from billing such assets in the calculation of the client’s periodic fee due SBH.,

***Private Funds***

SBH provides investment advice to several privately offered non-registered investment vehicles; SBH Global Discovery Fund, LLC and a related offshore fund, Lower Wacker Small Cap Investment Fund LLC, and SBH Global Discovery Fund II, L.P. and a related offshore fund. If such vehicles are held in a client account, the value of the investment in such vehicles is excluded from the billing value for the purpose of calculating the client’s periodic fee due SBH.

SBH Global Discovery Fund, LLC invests in alternative investment funds (i.e., hedge funds). SBH Global Discovery Fund, Ltd. is a member of SBH Global Discovery Fund, LLC and is limited to doing no more than investing in SBH Global Discovery Fund, LLC. SBH Global Discovery Fund II, L.P. invests in alternative investment funds (i.e., hedge funds). SBH Global Discovery Fund II, Ltd. is a limited partner of SBH Global Discovery Fund II, L.P. and is limited to doing no more than investing in SBH Global

Discovery Fund II, L.P. Lower Wacker Small Cap Investment Fund LLC invests in marketable securities, primarily domestic common stocks with small market capitalizations in the style of the SBH Small Cap Strategy.

As of December 31, 2012, SBH's total assets under management were \$8,936,636,947 (\$8,921,160,793 discretionary and \$15,476,154 non-discretionary).

## **FEES AND COMPENSATION**

All fees are subject to negotiation.

Clients may elect to be billed directly for fees or to authorize SBH to directly debit fees from client accounts.

Under the terms of SBH's standard form investment advisory agreements, the compensation of SBH is payable quarterly in advance. Fees are generally calculated on market value as determined by SBH. The standard form agreements do not have fixed termination or renewal dates, but provide for the termination of SBH's services to the client by notice from either the client or SBH to the other. If at the time of termination SBH has not fully earned a fee amount prepaid by the client, the unearned portion (determined by proration on a daily basis) is refunded to the client. Accounts initiated or terminated during a calendar quarter will be charged a pro rata fee.

In addition to the schedules of fees set forth below that apply to new clients, there are in effect fee schedules with some clients that may differ.. From time to time, special requirements of clients result in advisory contracts with terms or fee arrangements differing from those set forth in SBH's standard forms. There are circumstances under which fees, including performance-based fee arrangements in compliance with Securities and Exchange Commission Rule 205-3 and applicable state securities laws and regulations, if any, may be negotiated. The minimum fees noted below may be waived or reduced when, for example, a new account is expected to grow rapidly in size, a relationship exists with a present client of SBH, or for other reasons, at the discretion of SBH. SBH generally offers a discount from its standard fee schedules for accounts of persons associated with SBH or members of their families.

SBH's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client. In addition to SBH's fees, clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. In circumstances where a client's account includes mutual funds, clients should be aware that they are paying an investment management fee to the adviser of the mutual fund, which are

disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to SBH's fee, and SBH does not receive any portion of these commissions, fees, and costs, except SBH may receive compensation for providing shareholder services.

***Institutional Large Cap Equity, All Cap Equities and Balanced***

First \$25 million of assets	.60%
\$25 million to \$50 million of assets	.50%
On assets exceeding \$50 million	.30%

***Institutional Mid Cap Equity***

First \$25 million of assets	.70%
\$25 million to \$50 million of assets	.55%
On assets exceeding \$50 million	.40%

***Institutional Small Cap Expanded Core***

First \$25 million of assets	.85%
\$25 million to \$50 million of assets	.75%
On assets exceeding \$50 million	.65%

***Institutional Small Cap Equity***

All asset levels	1.00%
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***Institutional Small Cap Value***

All asset levels	1.00%
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***Institutional Fixed Income***

First \$50 million of assets	.30%
On assets exceeding \$50 million	.20%

***Private Client Large Cap Equity, All Cap Equities and Balanced***

First \$3 million of assets	1.00%
\$3 million to \$10 million of assets	.75%
On assets exceeding \$10 million	.50%

***Private Client Small Cap Expanded Core Equity***

First \$25 Million of assets	.85%
\$25 Million to \$50 Million of assets	.75%
On Assets exceeding \$50 Million	.65%

***Private Client Small Cap Equity***

All Asset levels	1.00%
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***Private Client Small Cap Value Equity***

All Asset levels	1.00%
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***Private Client Fixed Income (Core, Intermediate, Municipal, TIPS, Government/Public, & Short Term)***

First \$5 Million of assets	.35%
\$5 Million to \$50 Million of assets	.30%
\$50 Million to \$100 Million of assets	.25%
On Assets exceeding \$100 Million	.20%

Each of the foregoing schedules of fees is applied to the fair market value of the assets under management by SBH, as reasonably determined by SBH, as of the end of each quarterly period.

***Separate Managed Account Wrap Fee Programs:***

Clients pay a single all-inclusive fee quarterly in advance to the wrap fee sponsors based on net assets under management.

Citigroup Global Markets pays the following fees to SBH:

Equity Account Minimum Investment = \$100,000

Total Fair Market Value Of All Accounts <u>Of Fiduciary Manager:</u>	Annual Percentage <u>Fee for Equity:</u>
All asset levels	.42% (Small Cap Expanded Core)
All asset levels	.36% (All Cap)

Concord Trust & Wealth Solutions pays the following fees to SBH:

Equity Account Minimum Investment = \$100,000  
Fixed Income and Balanced Account Minimum Investment = \$5,000,000\*

Total Fair Market Value of All Accounts <u>Of Fiduciary Manager:</u>	Annual Percentage <u>Fee for Equity:</u>	Annual Percentage Fee for Balanced <u>Accounts:</u>	Annual Percentage Fee <u>for Fixed Income:</u>
\$0 - \$5,000,000	.50%	.43%*	.35%*
\$5,000,000 - \$50,000,000	.50%	.43%	.30%
\$50,000,000 - \$100,000,000	.50%	.43%	.25%
Over \$100,000,000	.50%	.43%	.20%

Envestnet Asset Management pays the following fees to SBH:

Equity Account Minimum Investment = \$100,000  
Fixed Income Account Minimum Investment = \$5,000,000\*

Total Fair Market Value Of All Accounts <u>Of Fiduciary Manager:</u>	Annual Percentage Fee for <u>Equity</u>	Annual Percentage Fee for <u>Fixed Income</u>
0 - \$5,000,000	.45%	.35%
\$5,000,000 - \$50,000,000	.45%	.30%
\$50,000,000 to \$100,000,000	.45%	.25%
Over \$1,000,000	.45%	.20%

JP Morgan Managed Account EDGE, JP Morgan pays the following fees to SBH:

All Cap & Mid Cap Account Minimum Investment = \$100,000  
 SCEC Equity Account Minimum Investment = \$1,000,000\*\*  
 Fixed Income Account Minimum Investment = \$5,000,000\*

Total Fair Market Value of All Accounts <u>Of Fiduciary Manager:</u>	Annual Percentage Fee for All Cap & <u>Mid Cap Equity:</u>	Annual Percentage Fee for SCEC <u>Equity:</u>	Annual Percentage Fee for <u>Fixed Income:</u>
\$0 - \$100,000	.50%	.85%**	.35%*
\$100,000 - \$1,000,000	.45%	.85%**	.35%*
\$1,000,000 - \$5,000,000	.45%	.85%	.35%*
\$5,000,000 - \$25,000,000	.45%	.85%	.30%
\$25,000,000 - \$50,000,000	.45%	.75%	.30%
\$50,000,000 - \$100,000,000	.45%	.65%	.25%
Over \$100,000,000	.45%	.65%	.20%

LPL Financial pays the following fees to SBH:

Equity Account Minimum Investment = \$100,000

Total Fair Market Value Of All Accounts <u>Of Fiduciary Manager:</u>	Annual Percentage Fee for Equity:
All asset levels	.50% (All Cap)
All asset levels	.45% (Mid Cap)

Lockwood Advisors, Inc. pays the following fees to SBH:

Equity Account Minimum Investment = \$100,000  
 Fixed Income Account Minimum Investment = \$5,000,000\*

Total Fair Market Value Of All Accounts <u>Of Fiduciary Manager:</u>	Annual Percentage Fee for <u>Equity</u>	Annual Percentage Fee for <u>Fixed Income</u>
\$0 - \$5,000,000	.50%	.35%
\$5,000,000 - \$50,000,000	.50%	.30%
\$50,000,000 - \$100,000,000	.50%	.25%
Over \$100,000,000	.50%	.20%

Morgan Stanley Smith Barney Fiduciary Services Program, SBH receives the following fees:

Equity Account Minimum Investment = \$100,000

Total Fair Market Value Of All Accounts <u>Of Fiduciary Manager:</u>	Annual Percentage Fee for <u>Equity:</u>
All asset levels	.42% (Small Cap Expanded Core)
All asset levels	.36% (All Cap)

Pershing LLC Adviser Solutions, Managed Account Direct (MAD) Program, Pershing pays the following fees to SBH:

Equity Account Minimum Investment = \$500,000  
Fixed Income Account Minimum Investment = \$5,000,000\*

Total Fair Market Value Of All Accounts <u>Of Fiduciary Manager:</u>	Annual Percentage Fee for <u>Equity</u>	Annual Percentage Fee for <u>Fixed Income</u>
\$0 - \$5,000,000	.45%	.35% *
\$5,000,000 - \$50,000,000	.45%	.30%
\$50,000,000 - \$100,000,000	.45%	.25%
Over \$100,000,000	.45%	.20%

Schwab Management Account Access Program pays the following fees to SBH:

Equity Account Minimum Investment = \$100,000

Total Fair Market Value of  
All

<u>Accounts of Fiduciary Manager:</u>	<u>Annual Percentage Fee:</u>
\$0 - \$100,000,000	.45%
\$100,000,000 - \$250,000,000	.40%
Over \$250,000,000	.35%

***Separate Managed Account Dual Contract Programs:***

In the following dual contract programs, the end client pays a separate quarterly fee to SBH based on net assets in account.

- **Fidelity Separate Account Network (“Fidelity”)** program.
- **Fifth Third Bank Custom Plus Program (“Fifth Third”).**
- **LPL Financial Manager Access Network (“MAN”)** Separate Account
- **Schwab Managed Account Marketplace (“Marketplace”)** separate account program. Schwab facilitates a means by which advisors can select investment managers, i.e., SBH.
- **Raymond James OutSide Managed (“OSM”)** separate account program.
- **TD Ameritrade Separate Account Exchange (“SAE”)** separate account program.
- **UBS Financial Services, Inc. Managed Account Consulting (“MAC”)** separate account program.
- **Wells Fargo Advisors Private Advisor Network** separate account program.

***Schwab Adviser Network***

SBH pays Schwab certain fees on referred client accounts that are custodied at Schwab. In addition to the trade commissions, the client pays SBH fees based on the Private Client fee schedule noted in the Service and Fees section of this ADV. SBH pays Schwab fees to receive client referrals through SAN as follows:

<u>Average Fair Market Value Of Each Accounts in Client’s Household Under SBH Management:</u>	<u>Annual Percentage Fee for Equity:</u>
\$0 - \$2 Million	.25%
\$2 Million - \$5 Million	.20%
\$5 Million - \$10 Million	.15%
Over \$10 Million	.10%

***Unified Managed Account “UMA” Program***

All UMA Programs pay the following fees to SBH:

Total Fair Market Value Of All Accounts <u>In Program:</u> All Amounts	Annual Percentage <u>Fee for Equity</u> .30%
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Smartleaf Model Relicense Program pay the following fees to SBH:

Total Fair Market Value Of All Accounts <u>In Program:</u> All Amounts	Annual Percentage <u>Fee for All Cap Equity</u> .30%	Annual Percentage <u>Fee for Mid Cap Equity</u> .35%
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### ***Managed Mutual Fund Accounts***

The administrative fee is generally \$1,500 annually per account, billed quarterly, and \$500 annually for each additional related or family account, but is determined on a case-by-case basis reflecting the size, complexity and nature of the account, and whether travel or other out-of-pocket expenses will be incurred by SBH in servicing the client.

### ***Payment of Fees; Investment Advisory Agreements; Other Fee Arrangements***

The Brokerage Practices section further describes the factors that SBH considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

In some cases, SBH may enter into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. SBH will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended, (the “Advisers Act”) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. In measuring clients' assets for the calculation of performance-based fees, SBH shall include realized and unrealized capital gains and losses. Performance based fee arrangements may create an incentive for SBH to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. SBH has procedures designed and implemented to ensure that all clients are treated fairly and equally, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

### **Side-by-Side Management:**

In some cases SBH manages private funds (“funds”) and separately managed accounts (“accounts”) in the same or similar strategies. This may give rise to potential conflicts of interest if the funds and accounts have, among other things, different objectives, benchmarks or fees. For example, potential conflicts may arise in the following areas:

- The portfolio manager must allocate time and investment ideas across funds and accounts,
- Funds’ or accounts’ orders do not get fully executed,
- Trades may get executed for an account that may adversely impact the value of securities held by a fund,
- There will be cases where certain accounts or funds receive an allocation of an investment opportunity when other accounts may not, and/or,
- Trading and securities selected for a particular fund or account may cause differences in the performance of different accounts or funds that have similar strategies.

SBH has adopted trade allocation procedures and monitors such transactions to help ensure SBH is not favoring funds or accounts over each other as well as help ensure fair and equitable treatment of both the funds and accounts. During periods of unusual market conditions, SBH may deviate from its normal trade allocation practices. There can be no assurance, however, that all conflicts have been addressed in all situations.

## **TYPES OF CLIENTS**

SBH provides portfolio management services to:

### ***Types of Clients***

- Banks or thrifts
- Charitable institutions
- Corporate pension & profit sharing plans
- Corporations or business entities
- Employed persons (“Keogh” plans)
- Foundations & endowments
- Individuals
- Individual Retirement Accounts
- Jointly trusted benefit
- State and local governments (including pension funds)
- Partnerships

- Private investment funds
- Retirement plans
- Taft-Hartley plans
- Trusts, estates or custodians
- Investment Companies

SBH is a registered Portfolio Manager in the Canadian provinces of Ontario and Quebec.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

SBH's investment philosophy emphasizes the selection of securities for client portfolios by means of fundamental analysis. Based on the nature of the prospects for the issuing entity (for example, a company or governmental unit), which may be assessed by reference to its prior financial history and SBH's knowledge of the industry, SBH's professional staff will reach a judgment on the value of the security relative to its current price, seeking to buy those that are selling at less than SBH believes the value to be or will be. SBH's professional staff will consider a variety of factors in reaching these conclusions, which include (but are not limited to), reviewing the company's financial history, interviews with management, discussions with other professional analysts, and discussions with other industry participants.

Investing in securities involves risk of loss that clients should be prepared to bear.

Clients should understand that investment decisions made for their account by SBH are subject to various market, currency, economic, political and business risks, and that those investment decisions will not always be profitable.

In addition, the Private Funds are subject to liquidity risk as well as other risks as set forth in their documents, which are available upon request (lack of marketability of Private Funds).

## **DISCIPLINARY INFORMATION**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of SBH or the integrity of SBH's management. SBH has no material information responsive to this Item.

## **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

### ***Other Financial Industry Activities or Affiliation***

Segall Bryant & Hamill (“SBH”), a Minnesota partnership registered under the Investment Advisers Act of 1940, as amended, is approximately 35% owned by Dougherty Advisory Services LLC (“DAS”), which is owned by Dougherty Financial Group LLC (“DFG”). SBH is a partnership among DAS, SBGP Holdings, Inc. (an entity owned by Ralph M. Segall and C. Alfred Bryant) and SBHE LLC, an entity owned by a group of other employees of SBH.

DFG owns approximately 91% of Dougherty & Company LLC (“D&Co”), an SEC registered broker-dealer. D&Co is not used to execute transactions for Segall Bryant & Hamill's clients unless the resulting transaction provides the best combination of net price and execution. D&Co is also an SEC registered investment adviser, transitioning to state registration.

DFG owns 100% of Dougherty Wealth Advisers LLC, f/k/a Somerset Advisers LLC, a registered investment adviser transitioning to state registration that provides financial planning is based in Minneapolis, Minnesota.

SBH provides portfolio administration services to an unaffiliated investment adviser for a fee.

DFG provides certain financial accounting administrative services to SBH for a fee.

## **CODE OF ETHICS**

SBH has adopted a Code of Ethics for all supervised persons of the firm describing its standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, guidance on certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at SBH must acknowledge and abide by the terms of the Code of Ethics.

The Code of Ethics is designed to seek to assure that the personal securities transactions, activities and interests of the employees of SBH will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would not materially interfere with the best interest of SBH's clients. In addition, the Code requires pre-clearance of many transactions, and



restricts trading in close proximity to client trading activity unless an exemption exists, such as a *de minimis* exemption. Nonetheless, because the Code of Ethics in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between SBH and its clients.

SBH or any related person(s), including investment professionals having direct responsibility for investment decisions, may have an interest or position in a certain security or group of securities which may also be recommended to a client. Such securities may include publicly traded and privately placed stocks, bonds and options contracts. SBH also acts as an advisor and general partner in investment related partnerships, which it makes available to clients.

SBH's clients or prospective clients may request a copy of the firm's Code of Ethics by contacting Savanh Khamdeng in Marketing at 312-474-4137 or [kkhamdeng@sbhic.com](mailto:kkhamdeng@sbhic.com).

SBH requires prompt reports on all transactions covered by the Code, and all SBH employees are required to maintain their personal accounts on SBH's client accounting system to facilitate this reporting. SBH further requires that all brokerage account relationships be disclosed, that SBH receive duplicate confirmations of transactions and custodial account statements, and certifications of compliance with the *Code of Ethics* from all covered persons.

In addition to reporting and record keeping requirements, the *Code of Ethics* imposes various substantive and procedural restrictions on covered transactions, including the following:

1. All transactions in securities covered by the Code should be executed through SBH's trading department. Transactions will be approved and executed only if there are no conflicting orders pending for the accounts of clients unless an exemption or exception applies. If not executed through SBH trading desk pre-clearance is still required.
2. Purchase of new equity issues on the initial underwriting by employees is prohibited. A further restriction placed on portfolio managers is that they, or any member of their immediate family, shall not purchase/sell securities of an issuer for their personal account(s) within seven (7) calendar days prior to or after a managed account they manage purchases/sells that issuer's same security. There is a *de minimis* exemption for transactions involving a small number of shares of companies with very large market capitalization and high average daily trading volume.

Jonathan C. Hamill, an access person of Segall Bryant & Hamill, is a trustee and beneficiary in family trusts that purchase and sell securities of Illinois Tool Works, a publicly-traded company. Both Mr. Hamill and the other SBH portfolio managers may also invest funds of their clients in securities of Illinois Tool Works. These transactions may be done in exception to the otherwise applicable provisions of the Code of Ethics in

that they may occur on the same day; although Jonathon C. Hamill does not generally have prior knowledge of specific trading activity in his family trusts with respect to securities of Illinois Tool Works.

SBH may buy, sell and perform research on or through companies for whom a client may be the company, an employee, officer or director.

SBH and/or its employees may give charitable contributions to client organizations (this may be golf sponsorships or specific charity donations), Officers and/or employees may personally own securities of broker-dealers and/or custodians SBH does business with.

SBH may invest in securities of which related persons of its employees are insiders. SBH's trading and research will not be based on inside information.

## **BROKERAGE PRACTICES**

Certain affiliated accounts may trade in the same securities with client accounts on an aggregated basis when consistent with SBH's obligation of best execution. In such circumstances, the affiliated and client accounts will share commission costs equally and receive securities at a total average price.

SBH will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis or may also be on a random basis if it is a small partial fill. Any material exceptions will be explained on the order.

From time to time SBH may advise clients who wish to purchase and sell the same security. In such circumstances, SBH may utilize the services of a single, independent third party broker dealer to effect the transaction. While a potential conflict of interest may exist with respect to SBH's role in providing investment advice to clients on both sides of a transaction, SBH will seek to minimize such potential conflicts by permitting such trades only with independent third party broker dealers, only after concluding the trade is in the best interests of each client and only if consistent with seeking best execution. SBH utilizes third party pricing services in valuing securities.

Except as described above, it is SBH's policy that the firm will not affect any principal or agency cross securities transactions for 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. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. 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. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

### ***Selection of Brokers and Dealers to Effect Client Transactions***

Subject only to a client's direction to use a particular broker or dealer for the execution of transactions for that client's account, SBH's overriding objective in selecting brokers and dealers to effect client transactions is to seek the best combination of net price and execution. The best net price, giving effect to brokerage commission, if any, is an important factor in this decision; however, a number of other judgmental factors also may enter into the decision. These factors include SBH's knowledge of negotiated commission rates currently available and other current transaction costs; the nature of the security being purchased or sold; the size of the transaction; the particular security; confidentiality; the execution, clearance and settlement capabilities of the broker or dealer selected and others considered; SBH's knowledge of the financial condition of the broker or dealer selected and such other brokers and dealers; and, SBH's knowledge of actual or apparent operational problems of any broker or dealer. Recognizing the value of these factors, SBH may cause a client to pay brokerage commission in excess of that which another broker might have charged for effecting the same transaction.

SBH may elect to direct transactions to certain firms that provide research on companies, sectors, or economic conditions to their brokerage clients in the course of their brokerage activities. While there is no specific commitment to direct a particular level of transactions, nor any liability if a certain level of transactions are not directed, SBH is aware of the volume levels necessary to generate research services from certain broker dealers. Research benefits are not limited to those clients who may have generated a particular benefit although certain soft dollar allocations are connected to particular clients or groups of clients.

SBH maintains and periodically updates a list of approved brokers and dealers which, in SBH's judgment, are generally capable of providing best price and execution and are in SBH's opinion financially stable. SBH's traders are directed to use only brokers and dealers on the approved list, except in case of client designations of brokers or dealers to effect transactions for such clients' accounts.

SBH's participation in the Schwab AdvisorSource service ("the Service") may raise potential conflicts of interest. Although not required by the Service, advisers participating in the Service are likely to execute transactions for their advisory clients referred through the Service with Charles Schwab. In this circumstance, SBH acknowledges its duty of seeking best execution for its clients.

On occasions when SBH deems the purchase and sale of a security to be in the best interests of more than one of its clients, SBH may aggregate the securities to be sold or

purchased for a client with those to be sold or purchased for such other clients in seeking to obtain best qualitative execution. In such event allocation of the securities so purchased or sold as well as the expenses incurred in the transaction, will be made by SBH in the manner considered to be most equitable and consistent with its fiduciary obligations to participating clients. This generally means allocation on a pro rata basis.

SBH may from time to time purchase securities which are part of an initial public offering. Generally, SBH's participation in the initial public offering market is insubstantial and as a result SBH may not obtain sufficient shares in an initial public offering to allocate to all eligible accounts on a pro rata basis except as a de minimis allocation. In such instances, the Firm will use another objective method of allocation which may include a random allocation.

In the past, a single client of SBH requested to purchase IPOs on a non-discretionary basis. These same securities were not necessarily purchased for other client accounts. SBH was paid a flat fee for that non-discretionary investment advisory service. While SBH had no understanding or arrangement with any broker regarding allocation of IPO securities for this account in exchange for directing brokerage to a broker on other accounts, SBH did obtain IPO allocations for this account from brokers with whom it trades generally. To this extent, a potential conflict of interest may have arisen in that SBH and the client may have benefited from general brokerage relationships derived from other advisory clients trading activity. In an effort to minimize the potential for conflicts of interest, SBH has procedures designed and implemented to ensure that all clients are treated fairly and believes in no circumstance did any actual conflict of interest occur.

#### ***Investment Research Products and Services Furnished by Brokers and Dealer***

In selecting a broker-dealer to execute securities transactions, SBH considers a variety of factors, including but not limited to best price and execution, broker-dealer's responsiveness, financial condition, ability and ability to facilitate block trading.

When more than one broker or dealer is believed to be capable of providing a combination of best net price and execution with respect to a particular portfolio transaction, SBH often selects a broker or dealer which furnishes to SBH investment research products or services, such as: economic, industry or company research reports or investment recommendations; research data compilations; compilations of securities prices, earnings, dividends and similar data; computerized databases; quotation equipment and services; research or analytical computer software and services; or services of economic and other consultants. Such selections are not pursuant to any agreement or understanding with any of the brokers or dealers. This information is received, but not requested. However, SBH may in some instances request a broker to provide a specific research product or service which may be proprietary to the broker or produced by a third party and made available by the broker and, in such instances, the broker, in agreeing to provide the research product or service frequently, will indicate to SBH a specific or minimum amount of commissions which it expects to receive by

reason of its provision of the product or service. SBH does not have an agreement with any broker to direct such specific or minimum amounts of commissions; however, SBH does maintain an informal internal procedure to identify those brokers which provide it with research products or services and SBH endeavors to direct sufficient commissions on client transactions (including, in the case of transactions for certain types of clients, dealer selling concessions on new issues of securities) to ensure the continued receipt of research products and services SBH feels are useful.

In certain instances, SBH may receive from brokers products or services which are used by SBH both for investment research and for administrative, marketing or other non-research purposes. In such instances, SBH makes a good faith effort to determine the relative proportion of its use of such product or service which is for investment research, and that portion of the cost of obtaining such product or service may be defrayed through brokerage commissions generated by client transactions, while the remaining portion of the cost of obtaining the product or service is paid by SBH in cash.

While it is permissible to do so under the rules of the Securities and Exchange Commission, SBH does not believe it pays brokerage commissions higher than those obtainable from other brokers in return for research products or services provided by brokers. Research products or services provided by brokers may be used by SBH in servicing any or all of the clients of SBH, and such research products or services may not necessarily be used by SBH in connection with the client accounts which paid commissions to the brokers providing such products or services.

SBH may engage in “step-out” brokerage transactions subject to best price and execution. In a “step-out” trade, one broker-dealer executes the transaction, while a second broker-dealer clears and settles the transaction. The first broker-dealer then shares part or all of its commission with respect to the transaction with the second broker-dealer. SBH engages in step-out transactions primarily (1) to satisfy directed brokerage arrangements of certain of its client accounts and/or (2) to pay commissions to broker-dealers that supply research or analytical services to the Adviser. Shares traded via step-out are traded on a pre-determined cost per share, that is netted up into the trade regardless of account type. The cost varies by broker.

Clients may also be clients of unaffiliated investment advisers that trade through SBH’s affiliate broker-dealer.

### ***Commission Sharing Arrangements***

SBH may also participate in “commission sharing arrangements” (CSAs) whereby SBH may execute transactions through a broker-dealer and request that the broker-dealer allocate a portion of the commissions (or commission credits) to another firm that provides research to SBH. SBH may also execute transactions through Electronic Communication Networks and other alternative trading platforms (collectively “ECN’s”). In these cases, the ECN or broker-dealer that administers the CSA receives a portion of

the commission while another portion is credited to a pool which is later used to pay for research services received from other firms.

With respect to the brokers-dealers SBH utilizes for CSAs, SBH will negotiate a base commission rate plus an additional research commission rate (sometimes referred to as 'cost plus pricing'). The CSAs, as well as the research SBH receives in connection with the arrangements, are designed to comply with Section 28(e) of the Securities Exchange Act of 1934. SBH believes that participation in CSAs provides benefits that include:

1. Consolidation of payments for research obtained through multiple channels using accumulated commissions or credits from transactions executed through a particular broker-dealer or ECN;
2. Strengthening of relationships with key SBH broker-dealers; and
3. Access to continuous research services while facilitating best execution in the trading process

SBH believes independent research services are useful in the investment decision making process because they provide access to a variety of high quality research as well as individual analysts that otherwise might not be available to SBH without such arrangements. Research SBH receives under a CSA can include proprietary as well as third party research.

The CSAs are structured as traditional soft dollar arrangements, which obligates the broker-dealer to pay for a specific research product or service in a way that allows SBH to designate broker-dealer payments to specific independent research providers based upon the broker vote and existing commission credits with the executing broker-dealers.

A Best Execution committee consisting of SBH's portfolio managers, operations and trading personnel and research analysts routinely reviews the quality of research and execution services of the various broker-dealers and independent research firms. In addition, the committee also evaluates the commission rates charged by the various brokers to make a good faith determination that they are reasonable in relation to the value of products and services provided.

### ***Client-Directed Brokerage Arrangements***

Clients may direct SBH in writing (subject to certain conditions which may from time to time be imposed by SBH) to effect portfolio transactions for their accounts through particular brokers or dealers. Such a direction may be conditioned upon the broker or dealer being competitive as to net price and execution of each transaction, or may be subject to varying degrees of "restriction," i.e., an instruction to use the particular broker or dealer whether or not competitive as to net price and execution, or at specified commission rates which are less favorable than otherwise might be obtainable by SBH.

In the case of a "restricted" designation, SBH generally will execute transactions in listed and over-the-counter equity securities through the designated broker, but in the case of

transactions in fixed-income securities (a) SBH sometimes deviates from the client's designation in situations in which, in SBH's judgment, a significantly more advantageous net price is available from another dealer, or (b) SBH may authorize the designated broker-dealer to effect the transaction as agent in order to obtain a better price from another dealer, but will allow the designated "agent" broker-dealer a scheduled mark-up or mark-down on the transaction.

Clients sometimes wish to restrict brokerage to a particular broker or dealer in recognition of custodial or other services (including, in some cases, referral of the client to SBH for investment advisory services) provided to the client by the broker or dealer. A client which chooses to designate use of a particular broker or dealer completely or on a "restricted" basis, including a client which designates a broker or dealer as custodian of the client's assets, should consider whether such a designation may result in certain costs or disadvantages described below regarding priority of execution, allocation of new issue purchases, and aggregation of orders. In determining whether to instruct SBH to use a particular broker or dealer on a "restricted" basis, the client may wish to compare the possible costs or disadvantages of such an arrangement with the value of the custodial or other services provided.

Clients which restrict brokerage for their accounts may be disadvantaged in obtaining allocations of securities which SBH purchases or recommends for purchase in other clients accounts. It is SBH's policy that such "restricted" accounts not participate in allocations of securities obtained through brokers and dealers other than that designated by the client.

In order to execute client orders most efficiently, SBH's traders may assign a lower priority to execution of orders for client accounts which have restricted brokerage. Accordingly, the execution of orders for accounts which restrict brokerage may be less timely than the execution of orders for other client accounts. This priority of execution may or may not result in any consistent price disadvantage, depending upon the market activity in the security to be purchased or sold.

Wrap program trades are typically run after "unrestricted" and "restricted" trades. This is because wrap sponsors charge a combined fee to clients which includes execution services and trading away from such sponsors causes clients to incur additional execution charges. In addition, such trades are conducted on a wrap sponsor provided trading platform which is a different platform than SBH's primary trading system. Where SBH determines to seek to obtain best execution away from such wrap sponsor, such trades will generally be run with other non-restricted and unrestricted trades.

### ***Recommendation of Brokers and Dealers to Clients***

Where a client is reluctant to incur the fee cost of using the services of a bank or trust company as custodian of the client's assets, SBH sometimes suggests the client use a broker for this purpose and, if the client does not already have a satisfactory brokerage arrangement, SBH will suggest the names of one or more brokers with which it is

familiar and which provide such services. Factors considered by SBH in selecting brokers which it recommends to clients for custodial services include: the execution, clearance and settlement capabilities of the broker; SBH's knowledge of the financial stability of the broker; whether the broker offers insurance coverage to customers in excess of the Securities Investor Protection Corporation insurance amounts; SBH's knowledge of actual or apparent operational problems of the broker; and the willingness of the broker to negotiate discounted commission rates for the execution of transactions in the custodial amount. The value of research products and services, or other products, if any, provided to SBH or a related party by the broker is generally not a factor.

### ***Brokerage Practices, General***

SBH receives a benefit when it uses client commissions to receive research, because SBH does not have to pay for such services on its own. SBH may have an incentive to select or recommend a broker dealer based on its interest in receiving research from a broker dealer or third party, rather than the client's interest in seeking favorable execution. However, as described above, SBH believes it is able to achieve best execution for its clients even where it is receiving research services from broker dealers.

## **REVIEW OF ACCOUNTS**

Each account is assigned a primary portfolio manager, and one or more other team members may be assigned as backups. A team is typically composed of one or more officers and one or more employees and, where SBH has discretionary investment authority in the management of an account, each has authority and responsibility in reviewing accounts and implementing decisions. Further, accounts handled by a manager may vary widely in size, complexity, degree of discretion and, in many cases, a number of accounts are related to one another and have a single client contact (e.g., as in a group of trust and individual accounts of a family). Some portfolio managers have significant investment committee, administrative or other responsibilities within SBH, while others devote their efforts almost exclusively to portfolio management.

See Custody section for information on frequency of client reports.



## **CLIENT REFERRALS AND OTHER COMPENSATION**

### ***Additional Compensation***

SBH from time to time may compensate, either directly or indirectly, any person for client referrals. SBH is aware of the requirements under Section 206(4)-3 of the Investment Advisors Act of 1940 and endeavors to comply therewith. SBH maintains written agreements and client acknowledgements for each relationship.

In addition, SBH receives client referrals from Charles Schwab & Co., Inc. (“Schwab”) through SBH’s participation in Schwab Advisor Network (“the Service”). The Service is designed to help investors find an independent investment advisor. Schwab is a broker-dealer independent of and unaffiliated with SBH. Schwab does not supervise SBH and has no responsibility for SBH’s management of clients’ portfolios or SBH’s other advice or services. SBH pays Schwab fees to receive client referrals through the Service. SBH’s participation in the Service may raise potential conflicts of interest described below.

SBH pays Schwab Participation Fees on all referred clients’ accounts that are maintained in custody at Schwab and a Non-Schwab Custody Fee on all accounts that are maintained at, or transferred to, another custodian.

Participation Fees are a percentage of the value of the assets in the client’s account. SBH pays Schwab Participation Fees for so long as the referred client’s account remains in custody at Schwab. Participation Fees are billed to SBH quarterly and may be increased, decreased or waived by Schwab from time to time. Participation Fees are paid by SBH and not by the client. SBH does not charge clients referred through the Service fees or costs greater than the fees or costs SBH charges clients with similar portfolios who were not referred through the Service.

SBH generally pays Schwab a Non-Schwab Custody Fee if custody of a referred client’s account is not maintained by, or assets in the account are transferred from, Schwab. The Non-Schwab Custody Fee is a one-time payment equal to a percentage of the assets placed with a custodian other than Schwab. The Non-Schwab Custody Fee is higher than the Participation Fees Advisor generally would pay in a single year. Thus, SBH will have an incentive to recommend that client accounts be held in custody at Schwab.

The Participation and Non-Schwab Custody Fees are based on the amount of assets in accounts of SBH’s clients who were referred by Schwab and those referred clients’ family members living in the same household. Thus, SBH will have incentives to encourage household members of clients referred through the Service to maintain custody of their accounts at Schwab.

For accounts of SBH’s clients maintained in custody at Schwab, Schwab generally does not charge the client separately for custody but receives compensation from the client in the form of commissions or other transaction-related compensation on securities trades

Schwab executes for the client's account. Clients also pay Schwab a fee for clearance and settlement of trades executed through broker-dealers other than dealer's fees. Thus, SBH may have incentive to cause trades to be executed through Schwab rather than another broker-dealer. SBH nevertheless, acknowledges its duty to seek best execution of trades for client accounts. Trades for client accounts held in custody at Schwab may be executed through a different broker-dealer than trades for SBH's other clients. Thus, trades for accounts custodied at Schwab may be executed at different times and different prices than trades for other accounts that are executed at other broker dealers.

SBH may participate in other referral programs from time to time through agreements similar to those described above with the sponsors of such other programs. Such agreements, if any, are available for inspection upon request by any client.

SBH has appointed an agent for service of process for purposes of registration in the province of Ontario and Quebec. This information is available upon request from the Ontario Securities Commission (OSC) or the The Autorité des marchés financiers (AMF).

## **CUSTODY**

SBH prepares and delivers to all clients valuations at least quarterly of their accounts, showing cash and all currently held investments categorized by maturity (fixed income investments) or industry (equity investments), market value, unit cost and projected income. A summary of transactions for the prior quarter accompany the inventory. Clients may request more frequent or detailed reports in accordance with their individual needs. SBH has a reasonable belief that the custodian is sending statements in accordance with SEC Rule 206. Reports or statements produced by the firm are provided to clients. Clients should also be receiving at least quarterly statements from a qualified custodian. The client should compare the information provided by SBH with the statements provided by the custodian.

The accounting firm that conducts the surprise audits also serves as administrator to the Lower Wacker Small Cap Fund LLC.

## **INVESTMENT DISCRETION**

Clients may choose to retain SBH as investment adviser with or without granting investment discretion. Where a client chooses to grant investment discretion to SBH, SBH will have authority to supervise and direct the investments of and for the client's account without prior consultation with the client. Pursuant to this discretionary authority, SBH normally will determine which securities are bought or sold for the account, the total amount of such purchases and sales, the brokers or dealers through which transactions will be effected, and the commission rates, if any, paid to effect the transactions. SBH's authority may be made subject to conditions imposed in writing by the client, e.g., where the client restricts or prohibits purchases of certain types of securities, or directs that transactions be effected through specific brokers or dealers.

While SBH does not typically accept non-discretionary assignments, in those cases where a client does not choose to grant to SBH investment discretion, SBH makes investment recommendations to the client as to which securities are to be purchased or sold, and the amounts to be purchased or sold. Upon approving the recommended transactions, the client may request that SBH direct the execution of purchase or sale orders to implement the recommended transactions for the client's account. SBH then may be given authority to determine the brokers or dealers through which the transactions will be executed, and the commission rates, if any, paid to effect the transactions. As described above with respect to discretionary accounts, the client may direct that transactions be effected with specific brokers or dealers.

SBH usually receives discretionary authority from the client at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account.

When selecting securities and determining amounts, SBH observes the investment policies, limitations and restrictions of the clients for which it advises.

SBH seeks to obtain investment guidelines and restrictions in writing prior to the commencement of management.

## **VOTING CLIENT SECURITIES**

### **I. POLICY**

SBH ("Adviser") acts as a discretionary investment adviser for various clients, which may include clients governed by the Employee Retirement Income Security Act of 1974 ("ERISA") and registered open-end investment companies ("mutual funds"). When

entering an investment management agreement with a client, it is the general policy of the Adviser to not vote proxies. In specific provisions of Adviser's investment management agreement, clients retain responsibility for voting proxies or responding to other corporate actions. Accounts governed by ERISA (certain pension or retirement plans) are treated differently based on Department of Labor guidelines. Unless an ERISA client specifically reserves the right, in writing, to vote its own proxies or to take shareholder action with respect to other corporate actions requiring shareholder actions, Adviser will vote all proxies and act on all other actions in a timely manner as part of its full discretionary authority over ERISA client assets in accordance with these Policies and Procedures. Corporate actions may include, for example and without limitation, tender offers or exchanges, bankruptcy proceedings, and class actions. In some cases, corporate actions may not be addressed by the Adviser but rather by the client's custodian.

When voting proxies or acting with respect to corporate actions for clients, Adviser's intent is that all decisions be made solely in the best interest of the client (and for ERISA accounts, plan beneficiaries and participants, in accordance with the letter and spirit of ERISA). Adviser will seek to act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's account.

## **II. PURPOSE**

The purpose of these Policies and Procedures is to memorialize the procedures and policies adopted by Adviser to enable it to comply with its fiduciary responsibilities to clients and the requirements of Rule 206(4)-6 under the Investment Act of 1940, as amended ("Advisers Act"). These Policies and Procedures are also intended to reflect the fiduciary standards and responsibilities set forth by the Department of Labor for ERISA accounts.

## **III. PROCEDURES**

The Adviser uses an outside service provider, Institutional Shareholder Services ("ISS"), to vote proxies.

Instructions are provided to the custodian to forward all proxies to ISS. ISS receives all proxies and votes them in a timely manner and in a manner consistent with the determination of the client's best interests. Although many proxy proposals can be voted in accordance with ISS' established guidelines (see Section V. below, "Guidelines"), it is recognized that some proposals require special consideration which may dictate that the ISS and/or Adviser makes an exception to the Guidelines. ISS is also responsible for ensuring that all corporate action notices or requests which require shareholder action received are addressed in a timely manner and consistent action is taken across all similarly situated client accounts.

## **A. Conflicts of Interest**

Where a proxy proposal raises a material conflict between ISS and/or Adviser's interests and a client's interest, including a mutual fund client, Adviser will resolve such a conflict in the manner described below:

1. Vote in Accordance with the Guidelines. To the extent that the Adviser has little or no discretion to deviate from the Guidelines with respect to the proposal in question, the Adviser shall vote in accordance with such pre-determined voting policy as established by ISS.
2. Obtain Consent of Clients. To the extent that Adviser has discretion to deviate from the Guidelines with respect to the proposal in question, Adviser will disclose the conflict to the relevant clients and obtain their consent to the proposed vote prior to voting the securities. The disclosure to the client will include sufficient detail regarding the matter to be voted on and the nature of Adviser's conflict that the client would be able to make an informed decision regarding the vote. If a client does not respond to such a conflict disclosure request or denies the request, Adviser will abstain from voting the securities held by the client's account.

ISS will review the proxy proposal for conflicts of interest as part of the overall vote review process. All material conflict of interest so identified by ISS and/or Adviser will be addressed as described above in this Section III.A.

## **B. Limitations**

As described above, in accordance with a client's investment advisory contract (or other written directive) or where Adviser has determined that it is in the client's best interest, ISS and/or Adviser will not vote proxies received. The following are certain circumstances where ISS and/or Adviser will limit its role in voting proxies:

1. Client Maintains Proxy Voting Authority: As is ordinarily the case, where client specifies in writing that it will maintain the authority to vote proxies itself or that it has delegated the right to vote proxies to a third party, ISS and/or Adviser will not vote the securities and will direct the relevant custodian to send the proxy material directly to the client. If any proxy material is received by Adviser, it will promptly be forwarded to the client or specified third party.
2. Terminated Account: Once a client account has been terminated with Adviser in accordance with its investment advisory agreement, ISS and/or Adviser will not vote any proxies received after the termination. However, the client may specify in writing that proxies should be directed to the client (or a specified third party) for action.
3. Limited Value: If ISS and/or Adviser determines that the value of a client's economic interest or the value of the portfolio holding is indeterminable or insignificant, ISS and/or Adviser may abstain from voting a client's proxies. ISS and/or Adviser also

will not vote proxies received for securities which are no longer held by the client's account.

4. Securities Lending Programs: When securities are out on loan, they are transferred into the borrower's name and are voted by the borrower, in its discretion. However, where Adviser determines that a proxy vote (or other shareholder action) is materially important to the client's account, Adviser may recall the security for purposes of voting.

5. Unjustifiable Costs: In certain circumstances, after doing a cost-benefit analysis, Adviser may abstain from voting where the cost of voting a client's proxy would exceed any anticipated benefits to the client of the proxy proposal.

#### **IV. RECORD KEEPING**

In accordance with Rule 204-2 under the Advisers Act, Adviser will seek to maintain for the time periods set forth in the Rule (i) these proxy voting procedures and policies, and all amendments thereto; (ii) a record of all proxy statements received by ISS and/or Adviser regarding client securities (provided however, that Adviser may rely on the proxy statement filed on EDGAR as its records); (iii) a record of all votes cast on behalf of clients; (iv) records of all client requests for proxy voting information; (v) any material documents prepared by Adviser were material to making a decision how to vote or that memorialized the basis for the decision; and (vi) all records relating to requests made to clients regarding conflicts of interest in voting the proxy. Currently the requirement is 6 years, 2 of which shall be in the office.

Adviser will describe in its Part II of Form ADV its proxy voting policies and procedures. Clients may obtain information on how proxies were voted with respect to the clients' portfolio securities or a copy of Adviser's Policies and Procedures. In addition to being available in Form ADV, information is available free of charge by calling 312-474-1222 or 800-836-4265. It is also available by writing to the Adviser at 10 South Wacker Drive, Suite 3500, Chicago, IL 60606.

#### **V. GUIDELINES**

ISS will seek to consider each proxy issue individually. Proxy voting may be different for different types of clients. ISS issues proxy voting guidelines which are used as guidelines, but will not be used as rigid rules. These guidelines are available upon request.

#### **Legal Actions and Class Actions**

Unless otherwise agreed, SBH will not advise or act on behalf of a client in any legal proceedings, including bankruptcies or class actions involving assets held in the portfolios advised by SBH.

## **FINANCIAL INFORMATION**

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

## **REQUIREMENTS FOR STATE REGISTERED ADVISERS**

Not Applicable.

## **OUR CLIENT PRIVACY PLEDGE**

At Segall Bryant & Hamill our clients' trust is important to us. Because you trust us with your financial and other personal information, we take the safeguarding and respect of this information very seriously. In order to maintain that trust we pledge to protect your privacy by striving to adhere to the policy outlined below.

Personal information we obtain is limited but may come to use through account opening documents and custodial statements. The type of information collected is personal financial information, transaction and various other similar items of personal information. This information is important to our providing the best services to you.

There may be times when such information is provided to our affiliates to enable us to receive services such as accounting, legal and compliance matters. Also, we provide such client information to other third party service providers when it is essential for the servicing of your account (i.e. transactional services). We may disclose such information to other third parties that we believe it necessary for the conduct of our business or where disclosure is required by law. We will subject such disclosures to confidentiality agreements.

It is our policy that we do not provide current and former customer names and account information to any outside firms, persons or organizations (such as catalogue or direct mail companies) unless there is a pre-existing relationship you have established such as a custodian or professional service provider (i.e. attorney, accountant), you have provided authority for us to do so or in situations where we have a legal or regulatory obligation to provide such information.

It is our policy to not provide any other businesses with any information specific to accounts maintained at Segall Bryant & Hamill for the purpose of marketing or business leads.

It is our policy regarding documentation containing sensitive client information (i.e. name, address, ssn, account number, credit information, etc.) to dispose of in a manner whereby the information cannot be read or reconstructed. This includes shredding the information on a timely basis.

It is our policy to remove all data from computers so that the information cannot be restored or reconstructed before the computer is donated or disposed.

Your information is protected in various manners. All employees are subject to a policy regarding confidentiality. Employees who violate our privacy policy are subject to disciplinary process. In addition our internal systems are secured through encryption technology, passwords and physical safeguards. We strive to maintain the confidentiality of your account and any other personal information.



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