

FORM ADV

Part 2A Brochure

LMCG Investments, LLC

One Boston Place
201 Washington Street, 29th Floor
Boston, Massachusetts 02108
Telephone number: (617) 380-5600

650 5th Avenue, 16th Floor
New York, NY 10019
Telephone number: (646) 257-2890

Website address: www.lmcg.com
E-mail: compliance@lmcg.com

January 29, 2021

This brochure provides information about the qualifications and business practices of LMCG Investments, LLC ("LMCG"). If you have any questions about the contents of this brochure, please contact us at (617) 380-5600. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

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

Additional information about us also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 - Material Changes

This item discusses only specific material changes since, and replaces, our Form ADV Part 2A brochure dated September 30, 2020.

LMCG closed its global quantitative equity business, and that business's International Small Cap, Emerging Markets, and Emerging Markets Small Cap investment strategies and funds at the end of 2020. The decision was made based on a combination of long term underperformance and significant changes to LMCG's global equity team.

As of April 15, 2020, LMCG's Boston office moved from 200 Clarendon Street, 28th Floor, Boston, Massachusetts 02116 to One Boston Place, 201 Washington Street, 29th Floor, Boston, Massachusetts 02108.

Copies of this brochure are available upon request by contacting our Chief Compliance Officer, Joseph Tower, at (617) 380-5600, or compliance@lmcg.com.

Additional information about us is available via the SEC's website www.adviserinfo.sec.gov. The SEC's website also provides information about any persons affiliated with us who are registered as our investment adviser representatives.

Form ADV Part 2A Brochure

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	6
Item 6 – Performance-Based Fees and Side-By-Side Management	10
Item 7 – Types of Clients	10
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss	10
Item 9 – Disciplinary Information	13
Item 10 – Other Financial Industry Activities and Affiliations.....	13
Item 11 – Code of Ethics	14
Item 12 – Brokerage Practices	15
Item 13 – Review of Accounts	18
Item 14 – Client Referrals and Other Compensation.....	19
Item 15 – Custody.....	20
Item 16 – Investment Discretion.....	20
Item 17 – Voting Client Securities	20
Item 18 – Financial Information.....	21
Item 19 – Additional Information.....	21

Item 4 - Advisory Business

LMCG Investments, LLC ("LMCG") is a SEC-registered investment adviser with its primary office located in Boston, Massachusetts. LMCG also has an office in New York City.

LMCG traces its history to the founding of Lee Munder Investments, Ltd. in 2000. In 2009, Lee Munder Investments, Ltd. and other parties formed Lee Munder Capital Group, LLC. Also in 2009 the SEC approved Lee Munder Capital Group, LLC's registration as an investment adviser under the Investment Advisers Act of 1940. Lee Munder Capital Group, LLC's name changed to LMCG Investments, LLC at the end of 2014.

We are a board-managed limited liability company owned directly or indirectly by Royal Bank of Canada ("RBC") and our employees. RBC indirectly owns more than 25% of LMCG. We operate independently of RBC and do not conduct joint operations or provide investment advice that is formulated, in whole or in part, with RBC or any of its other affiliates. See Item 10 for additional information about our financial industry affiliations.

Advisory Services

Our Small Cap, Mid Cap and Small-Mid Cap Value Strategies apply a classic value investment style focusing on solid small cap and mid cap companies, respectively, whose stock we believe is temporarily out of favor in the market. The strategies emphasize companies with higher returns on capital, free cash flow, and strong balance sheets. These companies often dominate a particular industry niche. Generally these industries have significant barriers to entry and, as a result, are able to perpetuate a higher return on capital over time. The strategies emphasize strong risk-adjusted returns by taking modest bets and focusing not only on upside but also on limiting the downside.

Our Small Cap and Small-Mid Cap Growth Strategies are based on the premise that high-quality, high-growth, small cap and mid cap companies provide an excellent base for long-term investment performance. Our investment team uses a fundamental, bottom-up research approach that focuses on stock selection within the highest growth sectors of the economy.

Our Global MultiCap, Diversified Equity, U.S. All Cap Equity and Diversified Equity Income Strategies provide clients an efficient and diversified portfolio of individual stocks and Exchange Traded Funds ("ETFs"). This is accomplished by employing a dynamic asset allocation process using our institutional investment capabilities. The resulting portfolio consists of large, mid, and small cap stocks and ETFs in the domestic and international asset classes.

Our Institutional Core Strategies (including GARP Plus (growth at a reasonable price), Large Cap Core and Diversified Equity) select companies with above-average earnings growth potential and reasonable valuations. This is accomplished by employing classic fundamental securities analysis to identify the highest quality companies in terms of competitive advantage, profit margin expansion, balance sheet strength, conservative accounting, corporate governance issues, and management integrity. Our Private Client Investment Management GARP Strategy is often managed and customized for individual taxable clients. The different tax profile and often differing investment time horizon of each client lead to differences in the types of investment themes pursued in portfolio strategy and in the turnover of the portfolio.

Our Fixed Income Strategies (Taxable and Tax Exempt) seek income production, preservation of capital, and a total rate of return through investments in high quality bonds. We actively manage portfolios using individual bonds that are commensurate with the client's income needs, tax situation, and risk tolerance. Mutual funds or ETFs are also used for some clients for the purpose of improving diversification and liquidity. Our fixed income products primarily include US government, corporate, mortgage-backed, asset-backed, and municipal securities.

Our Balanced Portfolios are constructed using active strategies in both their equity and the fixed income portions. Asset allocation weights are managed within ranges established in client investment guidelines.

Our Relative Value Credit Strategies seek to build a portfolio for which returns are not predicated on market direction. We allocate capital dynamically across corporate and mortgage credit markets, using a low net risk approach to credit spreads and interest rates. We specialize in trading non-agency residential mortgage backed securities, agency credit risk transfer securities, CLOs, and credit derivatives. Given the market inefficiencies in these areas, our proprietary analytics provide a unique advantage in finding undervalued optionality.

Additional Advisory Services

Solution Products: Upon client request, we will combine two or more investment strategies tailored to certain investment objectives or benchmark weightings. In combining these investment strategies, we will deliver either an account that fully replicates the underlying strategies or, where requested, an optimized approach to reduce the number of securities and portfolio turnover.

We act as a subadviser to several registered mutual funds. In almost all such engagements we provide professional investment advisory services on a discretionary basis. Investments for advised and subadvised mutual funds are managed in accordance with each fund's investment objective, strategies, and restrictions and they are not tailored to the individualized needs of any particular fund investor.

Wrap Fee/Sponsored Programs: We participate in wrap fee advisory programs sponsored by unaffiliated advisors, broker-dealers, and banks (collectively, the "Sponsors"). Under these programs, the Sponsors are responsible for selecting or facilitating the selection of advisers, pre-screening client suitability, most aspects of direct client servicing, and operations. We provide separate account advisory services with various investing strategies to clients of the Sponsors. Trades are generally placed with brokers designated by the Sponsors, although we may use other brokers. See Item 12 for information about how directed brokerage affects management of client accounts. In determining whether to establish a wrap fee program account, a client should be aware that the overall cost to it may be higher or lower than it might incur by engaging us directly.

Model Portfolio Programs: We provide model portfolios for particular strategies or combinations of strategies to clients that are investment advisers, mutual funds, platforms and other similar aggregation entities ("Model Clients"). These Model Clients use the recommendations comprising our model portfolios as a basis for investment strategies that they offer to their clients or investors. We do not create our model portfolios for the individual or particular needs of their clients or investors, or any other individual, but rather provide what we believe is an appropriate allocation and weighting of securities for a given asset class. Our Model Clients have discretion to determine how and when to implement our model portfolios and our changes to these portfolios and we have limited or no trading authority in such arrangements.

Other Strategies and Services: We serve as investment manager for a collective investment fund for qualified pension and retirement plans under the LMCG Collective Trust with SEI Trust Company as trustee. We are the investment manager for private fund Serenitas Credit Gamma Master Fund, LP, a Cayman Islands limited partnership.

Client Restrictions

Clients invested in our separately managed accounts may place investment restrictions (as to individual securities/tickers, positions, industries, cash, etc.) subject to our approval. When we invest the assets of those accounts in mutual funds, ETFs and other commingled funds, our ability to avoid investments in a specific company or industry, in accordance with a client's restrictions, may be fully or partly curtailed. When investing in such funds we do not look through the underlying holdings for client-specific restrictions. We inform these clients of the impact of investment restrictions. See Item 16 for additional information on client-imposed restrictions.

Assets Under Management

As of October 31, 2020, we had \$6.5 billion in assets under management. Discretionary assets under management totaled \$6.0 billion; non-discretionary assets under management totaled \$500 million.

Item 5 - Fees and Compensation

We generally set standard fee schedules for our strategies. Fees may be negotiable based upon factors including services required, size of assets to be managed, product type (including investment discipline and the medium for delivering our advisory services, i.e., separate account, pooled structure, etc.), investment capacity, and size of the overall relationship.

Generally, we are compensated by our clients on the basis of assets under management computed and payable quarterly. Fees are calculated each quarter and one fourth of the annual amount is billed in arrears, unless the client and we agree to another arrangement. Clients may elect to be billed directly for fees or to authorize us to directly debit fees from client accounts.

Fees for Separately Managed Accounts

<u>Strategy</u>	<u>Standard Fee Range</u>
U.S. Value Strategies	0.55% - 1.00%
U.S. Growth Strategies	0.70% - 1.00%
U.S. Core Strategies	0.40% - 1.00%
Global Equity/Global Balanced	0.45% - 1.30% (includes solicitation and custody fees where applicable)
Fixed Income Strategies	0.20% - 0.80%
Relative Value Credit Strategies	0.60% - 0.75%, plus a 10% - 20% performance fee where applicable

Our investment management fees are exclusive of brokerage commissions, transaction fees, and other related costs which are incurred by the client. Clients may incur and be responsible for payment of other charges imposed by custodians, brokers, and other third parties such as fees charged by any other client-engaged advisors, 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.

Fees for Mutual Funds and Collective Funds

Our fees for services as a mutual fund subadviser or collective trust adviser are negotiated with, and compensated by, each fund or trust. Our fees are charged in a manner similar to separately managed accounts or paid directly by the financial intermediaries. Mutual funds and ETFs also charge internal management fees, which are disclosed in a prospectus. Such charges, fees, and commissions are exclusive of and in addition to our fees, and we do not receive any portion of these commissions, fees, and costs.

Fees for Private Funds

The investment management fees we charge to our private fund Serenitas Credit Gamma Master Fund, LP, or to investors in its feeder funds, and other fees and expenses borne by this fund and those investors, are disclosed in detail in the feeder funds' offering documents and summarized as follows:

Currently the feeder funds' Series A interests available to prospective investors and Series C interests are available only to our employees and their family members; the management fee applicable to Series A interests and Series B interests is 1.5% and 1% per annum, respectively, based on the master fund's net asset value. Series C interests do not bear a management fee.

Performance Fee: The performance fee applicable to Series A interests and Series B interests is 20% and 10% of net new income, respectively, typically payable annually in arrears. Series C interests do not bear a performance fee.

In addition to the fees described above, this fund or those investors also bear the funds' organizational, transaction, operating and extraordinary expenses, and taxes imposed on them. We have agreed to bear ourselves the aggregate amount of certain organizational and operating expenses that exceed a capped amount borne by this fund or those investors.

Fees for Wrap Fee Programs and Model Portfolio Accounts

Advisory fees earned by us for wrap fee programs are covered under agreements with the Sponsors and are part of a single inclusive (wrap) fee charged by each Sponsor to clients for investment advisory services, commissions, custody, and administrative costs. Fees for wrap fee accounts are based on each client's assets under management. The fee and service arrangements for accounts under any wrap fee program are negotiated between each client and the Sponsor. The fee paid by a client to the Sponsor may cover services of the Sponsor and/or its affiliated entities such as trade execution and custodial services. We receive a portion of the wrap fee for the advisory services we render to the client. Sponsors often opt to create their own fee invoices in lieu of ours.

For model portfolio accounts, we are paid at negotiated rates by the Model Clients that receive our model portfolios.

Additional Fee Details

In certain situations, we may generate more revenue from one client relationship than another depending on size of assets or fee structure, including our opportunity to realize additional revenue from performance fees. In order to reduce potential conflicts of interest, we do not give preferential treatment to accounts with a performance-based fee arrangement. To ensure fairness to all clients,

we have adopted certain policies and follow certain procedures that are designed to prevent favoring one account over another. These procedures include side-by-side management controls, trade aggregation, and trade allocation procedures.

We may manage funds for clients in a variety of investment styles including, but not limited to, equity, balanced, and fixed income. Clients for whom we provides services in multiple styles may pay fees based upon an overall fee schedule for all styles/accounts, or may pay fees at different levels for each account or investment discipline.

We may charge a flat fee for accounts where the account type, services provided, size of assets, or similar factors indicate that a flat fee is appropriate. In addition, for accounts under a certain size, a minimum fee may be charged based on the specific type of account. See Item 7 for additional information about minimum account sizes.

From time to time a client may engage us as investment adviser without designating an account custodian. In these circumstances we may recommend that the client use a custodian with which we have an ongoing agreement. If the client agrees, it pays us a single fee for investment advisory and custodial services. This bundled fee may be higher than our fee for investment advisory services only, and, depending on the size of the account and other factors, may be higher or lower than the fees needed to purchase investment advisory and custodial services separately. We recognize a potential conflict of interest because the fees we pay the custodian may decrease as aggregate client assets custodied increase, resulting in a higher percentage of client fees being retained by us. The client pays or bears brokerage commissions and other transaction fees in addition to our fee.

ERISA Account Fees and Compensation

U.S. Department of Labor regulations under the Employee Retirement Income Security Act ("ERISA") require that we disclose information about direct and indirect compensation we reasonably expect to receive in connection with the investment management services we provide to employee benefit plans subject to ERISA. We provide discretionary investment management services to ERISA plans as described in each investment management agreement between an ERISA plan and us.

Direct Compensation

We receive an annual investment management fee, which is billed or invoiced to the responsible plan fiduciary. The fee is paid in arrears from the assets of the account or by the plan sponsor, in its discretion and in accordance with plan documents. The fee is based on the value of the assets of the account. Additional details regarding the fees we charge are contained in the fee section of each investment management agreement between an ERISA plan and us.

Indirect Compensation

Soft Dollars - We receive proprietary and third-party research and brokerage services within the meaning of Section 28(e) of the Securities Exchange Act of 1934 from certain broker-dealers that execute our clients' securities trades. Such indirect compensation is expected to be within a range of approximately 20% to 35% of total brokerage commissions paid based on historic data. Proprietary research generally includes access to conferences, analysis, forecasts, and in-house research. This type of research does not have an identifiable monetary value, and the specific eligibility conditions for our receipt of proprietary research (other than using the broker-dealer's services) are not shared with us. Information regarding third-party research attributable to trading by our ERISA clients, and

the broker-dealers that provided the research, is available to those clients upon request. Additional information about our soft dollar practices can also be found under Item 12 - Brokerage Practices.

Gifts and Gratuities - Our gift and entertainment policy was developed in accordance with applicable regulatory guidelines and is intended to help employees make appropriate decisions that are consistent with the best interests of our clients. Our employees are not permitted to solicit gifts, and extravagant or excessive entertaining is also prohibited. There is no agreement or arrangement between us and third parties regarding the provision of gifts, meals, or gratuities to our employees that is based on our service agreement or arrangement with any particular client, and any such gifts, meals, and gratuities are not received by our employees by reason of their services to any particular client. We have determined that, under any reasonable method of allocation, any gifts and entertainment attributable to ERISA plans are of insubstantial value.

Investment Related Disclosure. Department of Labor regulations also require service providers to disclose certain additional information about entities and investments that are considered to hold “plan assets” of ERISA plans as follows:

Operating Expenses - ERISA accounts may be charged for brokerage commissions and other transaction-related costs attributable to an account's investments as described in each client's investment management agreement with us. Upon request, we can also provide exact amounts applicable to each account and such amounts are generally reflected on each client's account statements and reports.

Compensation for Termination of Contract - We will not receive a termination fee if an agreement is terminated. Each investment management agreement between an ERISA plan and us sets forth the terms under which accrued fees are payable upon termination.

Questions and Additional Information - This information is being provided to comply with the disclosure requirements of ERISA Section 408(b)(2) and Department of Labor regulations and is not intended as an offer or solicitation with respect to the purchase or sale of any of the products or services described or referred to herein. Any document referenced herein is also available upon request. Any questions about these ERISA disclosures and any requests for different or additional information should be directed to our Legal and Compliance Office (“Compliance Office”) by e-mail at compliance@lmcg.com or by telephone at (617) 380-5600.

Termination of Accounts

Notice provisions for termination of an advisory relationship are provided for in our investment management agreements and can be negotiated when establishing an advisory relationship.

For those accounts that pay quarterly in arrears, any earned, unpaid fees will be due and payable at the time an account is closed. The amount of fees will be based on the account value on the date of termination and will be prorated for the number of days in the quarter the account was open. For those wrap accounts that currently pay quarterly in advance, fees will be prorated and adjusted based upon any new accounts started and accounts terminated and any over/under payment will be reflected in the next quarterly payment. We reserve the right to negotiate other methods of determining final account valuation and fees with our clients.

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

In some cases, we have entered into performance-based fee arrangements for our services with qualified clients, in accordance with applicable SEC regulations. Such fees are subject to individualized negotiation with each such client and may be subject to negotiation with investors in our private funds. Such fees are tailored to specific client circumstances, and as such, there is no standard performance fee schedule. In measuring clients' assets for the calculation of performance-based fees, we include income, dividends, and realized and unrealized capital gains and losses.

We recognize that such arrangements may create potential conflicts of interest. In particular, performance based fee arrangements may create an incentive for us to recommend investments which may be riskier or more speculative than those which we might recommend under a standard fee arrangement. These arrangements, or our management of any proprietary account, can also create an incentive to favor these types of accounts over other accounts in the allocation of investment opportunities. We have adopted procedures designed to ensure that all clients are treated fairly and equitably, and to prevent these conflicts from influencing the allocation of investment opportunities among clients. These procedures include side-by-side management controls such as trade aggregation and systematic allocation procedures.

Item 7 - Types of Clients

We provide investment advice to taxable, non-taxable, foreign and domestic clients. Such clients include individuals, high net worth individuals, trusts, corporate pension and profit-sharing plans, ERISA plans, Taft-Hartley plans, charitable institutions, foundations, endowments, public employee retirement systems, registered mutual funds, collective investment funds, private investment funds, and other U.S. and international institutions. The vast majority of these arrangements are discretionary in which we select the investments and trade on the client's behalf without prior consultation with the client. We also participate in a limited number of model portfolio programs in which we provide a model portfolio to Model Clients but do not exercise investment discretion.

Our minimum account sizes, subject to account characteristics and client service requirements, are:

Equity separately managed institutional accounts	\$ 3.0 million
Relative Value Credit separately managed accounts	\$100 million
High net worth individual accounts	\$ 1.5 million
Fixed income individual accounts	\$ 0.5 million
Private Investment Management individual equity accounts*	\$ 0.5 million

Minimums may be waived depending on the proposed account size, style, other relationships, and other factors.

* Our Global MultiCap, Global MultiCap ETF, Diversified Equity and Core Bond Strategies are also available through the wrap fee/sponsored programs and model portfolio programs described under Item 4 – Additional Advisory Services.

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

At LMCG, various portfolio construction and risk assessment skills are applied in managing portfolios across a broad risk/return spectrum. Throughout the investment process, emphasis is on

fundamental analysis and/or quantitative disciplines in an effort to produce attractive returns relative to agreed-upon benchmarks and/or risk levels.

Information is gathered from trade associations; academic and government publications; discussions with company management, technical and scientific specialists, and consultants; and from commercially available news services and market quotations. Such information is assimilated by our investment staff and used in our internal assessment of the investment environment and in our investment research.

Investment strategy risk is evaluated in the following contexts:

- 1) **Consistency with portfolio risk:** The Director of Risk Management (“DRM”) and investment teams review both ex-ante risk (primarily using a quantitative tool) and ex-post risk (primarily using a portfolio analytics tool). The objective of ex-ante risk analysis is to determine if there are any concentrations of factor exposures (includes industry, style, fundamental bias, country, currency among others) that are unusually significant given the stated objectives of the strategy. The DRM will typically consult with the portfolio manager to confirm that the unusual concentrations were intended and for investment justification. The objective of ex-post risk analysis is primarily to evaluate team skill during varying market environments. The DRM uses these analyses as the basis for investment team reviews and for reports to the LMCG Board.
- 2) **Consistency with portfolio construction:** Single stock concentration risk, adherence to economic sector bands, aggregate fundamental measures relative to benchmarks and absolute levels are reviewed.
- 3) **Credit quality exposure and concentration:** Consistency with client guidelines as well as adequacy of information and adequacy of liquidity are reviewed by the fixed income team for all fixed income assets.
- 4) **Dispersion of accounts:** Consistency of management is reviewed quarterly for accounts that are within major product composites. Accounts that are customized are reviewed semi-annually for dispersion relative to individualized targets.

Investment Review Committee

Our Investment Review Committee generally meets quarterly, is comprised of the senior management of the firm, and is chaired by the CEO. The issues reviewed by this committee generally include each product’s adherence to its investment strategy; quantitative reports that measure adherence to defined investment style; evidence of adherence to buy/sell discipline, turnover, and individual stock/portfolio summary fundamental characteristics; and performance relative to defined benchmark and peer group performance comparisons.

Risk of Loss

All investments have some degree of risks and it is possible that clients could lose money by investing in a LMCG strategy. An investment in a LMCG strategy is not a deposit with a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. While we make every effort to achieve our strategies’ objectives, we cannot guarantee success. Past performance does not guarantee future results.

Risks relating to each fund managed by us, and to the types of investments it makes, are disclosed to prospective investors in its prospectus, private placement memorandum or other definitive offering document.

Equity securities risk: There is the risk that the value or price of a particular stock or other equity or equity-related security could go down and a client's money could be lost. In addition to an individual stock losing value, the value of the equity markets or a sector of those markets in which a strategy invests could go down.

Small company risk: The shares of small companies tend to trade less frequently than those of larger, more established companies, which can have an adverse effect on the pricing of these securities and on a strategy's ability to sell these securities. Changes in the demand for these securities generally have a disproportionate effect on their market price, tending to make prices rise more in response to buying demand and fall more in response to selling pressure.

Fixed income risk: The market value of fixed income investments changes in response to interest rate changes and other factors. During periods of falling interest rates, the values of fixed income securities generally rise and during periods of rising interest rates, the values of those securities generally fall. While securities with longer maturities tend to produce higher yields, the prices of longer maturity securities are also subject to greater market fluctuations as a result of changes in interest rates.

ETF risk: An ETF is a registered investment company that seeks to track the performance of a particular market index. Investing in an ETF generally offers instant exposure to an index or a broad range of markets, sectors, geographic regions, or industries. When investing in ETFs, shareholders bear their proportionate share of the ETF's expenses. An investment in an ETF exposes a client to the risks of the underlying securities in which the ETF invests. Also, although ETFs seek to provide investment results that correspond generally to the price and yield performance of a particular market index, the price movement of an ETF may fail to track the underlying index.

Foreign investment risk: Investment in foreign securities generally involve more risk than investing in securities of U.S. issuers. Changes in currency exchange rates may also affect the value of foreign securities held; securities of issuers located in emerging markets tend to have volatile prices and may be less liquid than investments in more established markets; foreign markets generally are more volatile than U.S. markets, are not subject to regulatory requirements comparable to those in the U.S., and are subject to differing custody and settlement practices; foreign financial reporting standards usually differ from those in the U.S.; foreign exchanges are smaller and less liquid than the U.S. market; political developments may adversely affect the value of a portfolio's foreign securities; and foreign holdings may be subject to special taxation and limitations on repatriating investment proceeds.

Market and management risk: Markets may experience volatility and go down in value, possibly sharply and unpredictably. Our decisions require judgment and are based on imperfect information. Additionally, the investment techniques, risk analysis, and investment strategies used by us in making investment decisions may not produce the desired results.

Liquidity and valuation risk: From time to time, a LMCG strategy may hold one or more securities for which there are no or few buyers and sellers or which are subject to limitations on transfer. We may have difficulty disposing of those securities at values we consider fair, especially during periods of reduced market liquidity or significant redemptions of funds we manage.

Short selling risk: In certain accounts, we may engage in short sales of securities by borrowing a security and selling it. These accounts may incur losses from unsuccessful short sales, and due to the nature of short selling, such losses may be theoretically unlimited.

Hedging risk: In certain accounts, we may trade forward contracts, options and futures on currency and indices, financial futures contracts, and options on such futures contracts. Generally, any financial futures or related options transactions engaged in for these accounts is incidental to our securities investment advisory business. Depending on the particular regulatory requirements and contractual terms applicable to our client, such transactions may be conducted for hedging purposes, (ii) subject to a maximum level of aggregate initial margin and premiums or a maximum aggregate net notional amount of positions, (iii) to provide exposure to the market in which the assets would otherwise be invested, or (iv) for other conservative portfolio management reasons.

Derivatives risk. Our Relative Value Credit Strategies use derivative financial instruments for both hedging and synthetic investing. Derivative financial instruments include credit derivatives, interest rate swaps, total return swaps, equity swaps, options, forward currency contracts and futures. In addition, our Relative Value Credit Strategies may from time to time use both exchange-traded and over-the-counter futures and options to generate profit and for hedging purposes. Such derivative instruments may be highly volatile, involve operational, liquidity and leverage risks, among others, and expose accounts employing this strategy to a high risk of loss. The use of derivatives involves investment techniques and risks different from and potentially greater than those associated with ordinary securities transactions. Swaps, for example, are complex and may be difficult to precisely value. Options and futures are speculative and highly leveraged. Forward contracts lack standardized terms and involve counterparty risk not present with exchange-traded futures.

Item 9 - Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's or prospective client's evaluation of us or the integrity of our management. We have nothing to disclose under this item.

Item 10 - Other Financial Industry Activities and Affiliations

We are majority-owned, indirectly, by Royal Bank of Canada ("RBC"). RBC also directly and indirectly owns and maintains ownership interests in other investment management firms. RBC, through its subsidiary City National Bank, makes available to its affiliates opportunities for cooperative purchasing of certain administrative programs and products. We operate independently from RBC and each of its other investment advisory affiliates. We do not conduct joint operations with any of these affiliates and do not provide investment advice that is formulated, in whole or in part, by such affiliates.

Various broker-dealers are affiliated with us through common ownership by RBC. We do not trade with these affiliates and our employees do not receive compensation from any of them.

We are registered with the U.S. Commodity Futures Trading Commission under the Commodity Exchange Act as a commodity pool operator ("CPO") and are a CPO member of the National Futures Association.

We avail ourselves of the "international adviser exemption" with the Ontario Securities Commission under Canadian registration requirements.

We have entered into distribution and service agreements with Foreside pursuant to which Foreside provides marketing and sales support services and carries the licensing of and supervises certain LMCG employees as registered representatives and principals of Foreside, which allows these representatives to sell interests in the feeder funds of Serenitas Credit Gamma Master Fund, LP. LMCG is a branch office of Foreside. Foreside is not affiliated with LMCG.

To support sales of interests in one or both of these feeder funds, we have engaged Agecroft Partners, LLC, IASG Alternatives, LLC, Amit Snir trading as A.S. Financial Services, and Encounter Capital Limited to act as third party marketing firms. Agecroft and IASG are registered broker-dealers and Mr. Snir and Encounter Capital introduce prospective investors in Israel.

All investment management arrangements with related parties are conducted on an arms-length basis so as to neither advantage nor disadvantage LMCG's other clients or related parties.

Subject to our Code of Ethics as described in Item 11 below, our directors, officers and employees may buy or sell investments for their personal accounts that are also recommended to our clients or purchased for client accounts. In addition, we may buy or sell for client accounts securities or other investments in which we or a related person has a financial interest. We and our officers and employees (and their families) may invest along with other investors in products, including mutual funds, proprietary funds, or other commingled vehicles, for which we are the investment adviser or subadviser. All client accounts will be treated in a fair and equitable manner.

Item 11 - Code of Ethics

We have a Code of Ethics describing our standards of business and personal conduct and fiduciary duty to our clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance and giving of significant gifts and business entertainment items, and personal securities trading procedures, among other things. All of our employees must read, understand and acknowledge the terms of the Code of Ethics annually, or when material amendments are made.

The goal of our Code of Ethics and its policies, procedures, and organizational structure is to establish standards and corresponding processes that put the interests of our clients first, ensure that no client or account is favored over another, and identify and disclose conflicts of interest as they relate to personal interests of individuals in the firm and/or competing interests of clients that could occur as the result of relationship size or fee structure.

In appropriate circumstances, consistent with clients' investment objectives, we may trade or recommend the purchase or sale of securities in which we, our affiliates and/or clients, directly or indirectly, have a position of interest.

Subject to our Code of Ethics and applicable laws, our directors, officers and employees may trade for their personal accounts in securities which are recommended to and/or purchased for our client accounts. The Code of Ethics also allows our personnel to invest in mutual funds and other pooled vehicles for which we are the investment adviser or subadviser, subject to the pre-clearance requirements of the Code. The Code of Ethics is designed to assure that the personal securities transactions, activities, and interests of our personnel will not interfere with (i) making decisions in the best interest of our clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their personal 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 our clients. In addition, the Code requires pre-clearance of many transactions, and restricts trading in close proximity to client trading activity. 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 regularly monitored and the Code of Ethics is designed to reasonably prevent conflicts of interest between us and our clients.

Any client or prospective client may request a copy of our Code of Ethics by contacting our Compliance Office by telephone at (617) 380-5600 or by e-mail at compliance@lmcg.com.

Item 12 – Brokerage Practices

We seek the best combination of net price and execution under the circumstances (“best execution”) for client accounts. We may achieve best execution through proper management of broker selection, trade execution, and use of commissions. We seek to obtain the best overall qualitative execution available given the particular circumstances by considering the full range and quality of a brokerage services, including: quality of execution, volume of trading done by a broker in a particular security, willingness to commit capital, financial stability, clearance and settlement procedures, and other factors. Our traders are generally aware of the prevailing range of commission rates for any given type of trade, and they select brokers and negotiate commissions depending on the complexity of the trade, the market environment, and the liquidity of a given stock.

Fixed income securities are generally purchased from a market maker acting as principal on a net basis with no brokerage commission paid by the client. Such securities also may be purchased in public offerings from underwriters at prices which include underwriting commissions and fees. Trades in the secondary market are executed on a competitive basis whenever possible. We manage numerous fixed income accounts, some with similar or identical guidelines and some with different guidelines, which may trade in the same securities. Portfolio decisions with respect to purchases and sales of fixed income securities may be similar or different from account to account.

We may pay a broker-dealer that furnishes brokerage and/or research services a commission that is in excess of the commission another broker-dealer would have charged for executing the same transaction if it is determined that such commission is reasonable in relation to the value of the brokerage and/or research services which have been provided to us as a whole and in which clients benefit.

Our Trading Oversight and Soft Dollar Committee consists of our Head of Trading, our Chief Compliance Officer and a representative group of portfolio managers and research analysts. This committee conducts quarterly reviews of the firm’s execution, brokerage selection, trading activity and trends. In addition, this committee may consider the provision of research and other services by the broker to us. Accordingly, transactions may not always be executed at the lowest possible commission cost but commissions will generally be within a competitive range depending on transaction type.

We may enter into arrangements in which commissions are used to provide research or execution related services to us. The services may include research, trading and other similar applications. We evaluate and determine that these services qualify as research services as provided in the Section 28(e) safe harbor of the Securities Exchange Act of 1934. Research services furnished by direct research providers or third party research providers may be used by us for any or all of our clients. In addition, research services may be used in connection with accounts other than those whose

commissions were used to pay for such research services. Research services that we purchase may benefit all clients including clients who specify that their brokerage be directed to a specific broker. These clients may receive the benefits of such services without paying for them. If a portion of these services is used for non-research or trade execution-related purposes, we will pay for those services with our own funds.

Such research-related services include:

- fundamental company, security and industry analysis;
- quantitative research;
- economic data and forecasts;
- on-line research services;
- risk control systems;
- attendance at quantitative and fundamental research seminars;
- analysis of financial and market conditions;
- quotation services;
- valuation tools; and
- statistical services.

We may use commission sharing arrangements (“CSAs”) that allow us to separate the execution and research components of a trade. We are able to trade through an electronic communication network (“ECN”), algorithm, dark pool, or crossing network at a low commission rate and still generate research credit. We use CSAs to pay broker-dealers that provide research and brokerage services that qualify as research services as provided in the Section 28(e) safe harbor of the Securities Exchange Act of 1934. We do not use CSAs to pay for any third party-independent services, so called “soft dollar services.”

We also use step-out transactions as a means to potentially improve trade execution. In a step-out transaction we place a block trade with a broker-dealer with the instruction that the broker-dealer execute the entire transaction but “step-out” of a portion of the trade in favor of another broker-dealer that may have a directed brokerage arrangement with a client or may provide research products or services to us. This allows directed brokerage accounts to participate in larger block trades and receive the same execution price. While it is difficult to quantify the actual improvement in execution that results from step-out trades, we believe that clients generally benefit from participating in block trades.

Directed Brokerage and Trade Rotation

Our clients vary in terms of their securities trade execution (“trading”) requirements. Most of our clients grant us trading discretion with respect to their assets under our management – we refer to their accounts as non-directed-brokerage (or full brokerage discretion) accounts. Some clients require us to direct trading to client-designated brokers – we refer to their accounts as directed-brokerage accounts. Wrap fee advisory program accounts, in which participants agree with their program’s sponsor that their trades will be executed by a sponsor-designated broker, are a type of directed-brokerage account. Certain other clients do not grant to us either investment discretion or trading discretion – we refer to their accounts as non-discretionary accounts. The model portfolio accounts of our Model Clients are a type of non-discretionary account.

Each client with a directed brokerage account must understand that:

- We may or may not be able to negotiate commission rates on its behalf and, as a result, it may pay higher commissions;
- It may lose the possible advantage that our clients with non-directed brokerage accounts derive from our aggregation of orders for multiple clients as a single “batched” transaction;
- It may be deprived of the benefits of research-related products and services available from other brokers; and
- We generally process directed brokerage trades after trades for which we have full brokerage discretion.

We first trade for non-directed-brokerage accounts. Generally, trades for all non-directed-brokerage accounts are aggregated and executed together. See “Trade Allocation and Aggregation” below. We generally trade for directed-brokerage accounts after we trade for non-directed brokerage accounts. Trade timing is rotated equitably and sequentially on a daily basis. The rotation process is a simple chain rotation. The directed-brokerage account traded for first today is traded for last tomorrow, second to last the next day and so on until traded for first again and the rotation starts over. For practically all of our strategies, each of which may entail many securities trades daily, we deliver model account/portfolio updates to our Model Clients on the business day after the business day on which we trade for our non-directed-brokerage accounts. The method and intraday timing of model update delivery varies according to the requirements of each model account agreement. If no timing is specified in an agreement, we deliver our model update at or around 2 p.m. Certain of our ETF-only strategies, which have atypical portfolio and trading characteristics, allow us to deliver model account/portfolio updates to our Model Clients on the same business day that we trade to rebalance a series of small non-directed-brokerage balanced accounts to their target equity and bond ETF allocations. Our Model Clients have discretion as to if, how and when to act upon model updates, and we have no control over any trading made as a consequence of our model updates.

We use Global Trading Analytics (“GTA”), a third party monitoring service, to assist us with evaluating the effectiveness and efficiency of trade execution. GTA provides us with a set of standard quarterly reports that measure the transaction costs using several metrics. The results are presented quarterly to our Trade Oversight and Soft Dollar Committee.

Trade Allocation and Aggregation

We aggregate contemporaneous buy or sell orders for client accounts only if we have determined, on the basis of each account, that the aggregated trading process is: in the best interest of each client participating in the order; consistent with our duty to seek best execution; and is consistent with the terms of our investment advisory agreement with each such client.

We acknowledge that managing client accounts may create the potential for conflicts of interest in the following circumstances: (1) where we may receive performance-based fees; (2) a portfolio manager (“PM”) employed by us is invested in funds managed by us; and (3) where a relationship may exist between a PM and a client. Our procedures are reasonably designed to address these conflicts as well as ensure equitable treatment for all accounts as we employ aggregation in pursuit of best overall trade execution.

A PM may buy, sell or hold a security for one client and not for another. Factors the PM may consider in managing a client’s portfolio include client objectives and restrictions, available cash, sector weightings, applicable regulations (such as FINRA’s initial public offering restricted persons rules), desired position weighting and other relevant factors.

We recognize that the needs and expectations of a typical private client may be different than an institutional client and therefore may require a different approach to account management. Depending on the nature of the relationship and the objective of a private client account, we will, where practical, combine trades across private client accounts in order to achieve cost or research benefits. There may be certain situations (e.g., client directives, specific private client needs or the necessity to discuss transactions prior to execution) where a PM may not be able to combine trades, resulting in a higher cost of execution to the client.

We base our allocation of trades to client accounts on the appropriateness of the investment being allocated under the circumstances then prevailing. In particular, we do not base such allocation on a client's fee arrangements (e.g., performance fees) or the willingness or ability of more than one client to participate in a given transaction.

The allocation of securities bought or sold in an aggregated order will generally be made pro rata based upon the original orders or indications of interest submitted. Allocations of orders may be made to a client in excess of or below the amounts which would have been determined pro rata if a client has a unique investment objective and the security being acquired meets that investment objective, or if the allocation would be too small to establish a meaningful position for a client. Our trading desk seeks Compliance Office approval for revised allocations.

Limited Opportunities

From time to time, we may have the opportunity to acquire securities for our clients in an initial or secondary public offering (each, an "offering"). LMCG does not participate in IPOs with affiliated broker-dealers for which they act as a primary underwriter. PMs may submit an indication of interest in an offering for particular client accounts after considering factors such as, but not limited to, their investment objectives, risk tolerance, available cash, current portfolio composition, and related matters. Indications of interest will be made by the PMs for specific investment styles or accounts, and our trading desk personnel will aggregate those indications for submission to the offering's underwriter or placement agent. If we receive fewer securities than we ordered, generally we will allocate them to each participating client account pro rata according to its indication of interest. If such allocations are deemed insignificant, too small from which to build a further position, or not cost beneficial for an account, the PM for such account may "opt out" of the allocation, in which case those shares will be reallocated to the remaining participating accounts. Share amounts allocated may also be adjusted to the nearest round lot. As with all matters relating to performance, there can be no assurances that IPOs will be available in the future, that IPOs will be suitable for each client account, or that the aftermarket price performance of IPOs will be better or worse relative to prior IPOs.

We have performance-based fee arrangements with some clients. We believe that our policies with respect to allocation of investment opportunities are reasonably designed to mitigate the potential conflict of interests that may arise in such allocations.

Item 13 – Review of Accounts

Internal Account Reviews

We perform internal reviews of accounts both on an ad hoc and formal basis. On an ongoing basis, our Director of Risk Management and our Investment Review Committee review the various

investment teams and their related strategies to ensure adherence to guidelines, performance dispersion and overall investment team dynamics. A more formal review of accounts is conducted during Investment Review Committee meetings which are generally held quarterly. This committee's goal is to review each LMCG strategy at least once annually. These meetings typically comprise a review of each of the risk items described in Item 8 as well as commentary by investment teams about significant business and investment items.

Ad hoc internal reviews typically are held as a result of unusual market conditions which cause divergence of performance of either model portfolios or representative portfolios. Unusual patterns of returns are investigated either through investment systems or through direct interaction with investment teams.

External Account Reviews and Client Reporting

Account reviews are normally scheduled at the request of a client or its designated representative and generally include the portfolio manager and/or a client service officer. In some cases, the frequency of account review is agreed upon as part of a client's investment guidelines. The number of accounts assigned to a portfolio manager varies depending on the investment capacity of a given strategy, the client base, and the relative requirements of clients.

As a general matter, we provide our clients written quarterly reports that include market commentary, investment holdings with cost and market value, and performance results. Reports with information such as realized gains and losses, purchases and sales, and transaction summaries are available upon client request.

Sometimes we are responsible for determining the value of client investments, and our values may affect measurement of our performance or calculation of our fees. We have a written valuation policy, a copy of which is available to our clients upon request.

Item 14 – Client Referrals and Other Compensation

In exchange for commissions generated by discretionary trading activity, we receive research services from a variety of brokerage firms. See Item 12 for a description of the services and benefits we receive from brokers.

We have entered into client solicitation agreements with MML Investors Services, Inc. and Touchstone Securities, Inc. ("Solicitors"). We compensate Solicitors for their services. Alternatively we have entered into investment advisory agreements with unaffiliated financial advisory firms ("Financial Advisors") and our mutual clients, which describe the roles of and fees charged by us and such Financial Advisors. Clients introduced to us by Solicitors or Financial Advisors may pay different and potentially higher fees than clients who are not introduced to us by these other parties.

We have entered into an agreement with Foreside whereby we compensate Foreside for distribution services related to the feeder funds of Serenitas Credit Gamma Master Fund, LP. Foreside is not affiliated with us.

Our marketing incentive policy provides, at our expense, marketing incentives to our employees. To support sales of interests in the feeder funds of Serenitas Credit Gamma Master Fund, LP, we have engaged Agecroft Partners, LLC and IASG Alternatives, LLC, Amit Snir trading as A.S. Financial Services, and Encounter Capital Limited to act as third party marketing firms.

Item 15 – Custody

Although we do not take physical possession of client funds or securities, we are deemed to have custody of some client assets under the SEC's Custody Rule. In order to comply with the requirements of the Custody Rule, we engage an independent public accountant to conduct an annual surprise examination of those accounts for which we are deemed to have custody of client assets.

The Custody Rule requires advisers that are deemed to have custody of client funds and securities to maintain those funds and securities with a "qualified custodian" in an account either under the client's name or under the adviser's name as agent or trustee for its client. A "qualified custodian" is a regulated financial institution that customarily provides custodial services, including banks, savings associations, broker-dealers, and in some cases, futures commission merchants.

We do not provide physical safekeeping of client assets. This service is provided by qualified custodians. We generally require our clients to use a third-party custodian and, when asked, we will recommend custodians to clients. We avoid being deemed to have custody other than in limited circumstances described above. Sometimes client assets are held by a related entity, City National Bank, which is operationally independent of us. We do not share personnel or access to assets with this or any other custodian.

Our clients should receive statements at least quarterly from the custodians. We urge our clients to carefully review such statements and compare them to the account statements that we provide to our clients. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or methodologies used to value securities.

Item 16 – Investment Discretion

Typically we have discretionary authority over our client's investments. This allows us to select the identity and amount of securities to be bought, sold or held for a client. We exercise this discretion in a manner consistent with the client's investment objectives.

When selecting securities and determining amounts, we observe each client's investment policies, limitations and restrictions. Client-imposed restrictions may affect our ability to manage a given investment strategy and therefore, investment performance may deviate from other accounts using the same strategy. For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor holding of investments over frequent trading.

Investment guidelines and restrictions must be provided to us in writing. Please also see Item 4 for additional discussion of client restrictions.

Item 17 – Voting Client Securities

Our authority to vote the proxies of our clients is established by our investment advisory agreements or comparable documents. Pursuant to SEC Rule 206(4)-6, we have adopted a policy and procedures governing the voting of proxies on behalf of our clients. Clients may request us to vote proxies on their behalf or may retain voting authority. It is our general policy that when given authority to vote proxies for a client, we must be authorized to vote all proxies for the client's

account. We generally do not accept partial voting authority or instructions from clients on how to vote on specific issues. Clients may obtain our proxy voting policy and procedures and information about how we have voted proxies on their behalf by contacting our Compliance Office via e-mail at compliance@lmcg.com.

Certain clients may direct us to vote proxies in accordance with a specific set of guidelines or recommendations appropriate to their circumstances. In such situations, we do have voting discretion but will vote in accordance with a client's direction. Our clients may wish to retain proxy voting authority and vote their own proxies if necessary in order to satisfy their individual social, environmental, or other goals.

Clients desiring to direct us to vote proxies on their behalf must provide us their proxy voting guidelines at the time we establish their account. We may abstain from voting a client proxy if, in our opinion, the value obtained by voting the proxy is outweighed by the unique cost or the operational or trading constraints to a client account or situation. If a client engages in a securities lending program, and a security is on loan as of a voting record date, the proxy for that security generally cannot be voted by us. We employ a third-party vendor to assist with monitoring and completing the proxy voting process. We recognize the potential for conflicts of interest in situations where we have discretion to vote client proxies and where we have material business or personal relationships or family relationships, or in the event that a client of ours has issued a security held in any client portfolio managed by us. To address these potential conflicts we have established a Proxy Voting Committee. This committee uses reasonable efforts to determine whether a potential conflict may exist, including maintaining a list of clients or securities that may pose a potential conflict, and how to vote the proxy of any security with respect to which it has identified a potential conflict.

Class Actions

From time to time we receive notices with respect to securities held or previously held in client portfolios that are subject to legal proceedings, including class actions or bankruptcies. Usually client custodians also receive these notices and therefore generally we do not forward these notices to our clients or their custodians. Also, we do not take legal action on behalf of or provide legal advice to our clients.

Item 18 – Financial Information

We have no financial condition that impairs our ability to meet contractual and fiduciary commitments to clients.

Item 19 – Additional Information

Disaster Recovery

Our disaster recovery plan addresses the critical components of communications, access to data, and trading. We facilitate business continuity with fail-over communication services, remote access capability, and redundant data storage. Our Managing Director of Operations is responsible for all aspects of the disaster recovery plan, including evaluating and testing the plan. In this role, he is assisted by our CCO and IT personnel.

Privacy

We have policies and procedures relating to the disclosure of investment portfolio information and the collection of confidential and private client information, in accordance with federal and state regulatory requirements. Client account information is secured and policies and procedures outlining our privacy and security policies are provided to clients as required or when requested.

Performance

We claim compliance with the Global Investment Performance Standards (GIPS®). Our performance is examined by an independent third-party verifier.