

Strategic Investment Management, LLC

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This brochure provides information about the qualifications and business practices of Strategic Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us at 703-243-4433. 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. Registration as an investment adviser does not imply a certain level of skill or training.

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

March 31, 2021

Material Changes

Strategic Investment Management, LLC (“Strategic”) is providing this information as part of our annual updating amendment. This brochure dated March 31, 2021 (the “Brochure”) does not contain any material changes from last year’s annual updating brochure dated March 30, 2020.

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Advisory Business

Firm Description and Types of Advisory Services

Strategic generally offers discretionary investment management and planning services to both U.S. and non-U.S. individual and institutional investors, including employee pension and benefit plans, foundations, endowments, government entities, pooled investment vehicles and family and general corporate funds. Strategic actively manages broadly diversified global portfolios as well as individual asset classes or groups of asset classes.

Strategic generally has discretionary authority over its clients' portfolios. As of December 31, 2020, Strategic had total regulatory assets under management of \$28,644,474,489, of which \$27,999,976,177 was managed on a discretionary basis and \$644,498,312 was managed on a non-discretionary basis. Strategic collaborates with each client when determining appropriate risk and return objectives, developing an appropriate investment policy, and generally assuming discretionary responsibility for day-to-day management and investment of the client's account.

Specifically, Strategic's comprehensive discretionary management services may include:

- Investment policy review/asset allocation study, as needed, for separately-managed portfolios.
- Comprehensive discretionary active management of the assets, including the following:
 - Asset allocation
 - Asset class structuring (i.e., within each asset class, where there are key decisions to be made, such as large cap vs. small cap, developed vs. emerging markets, etc.)
 - Manager sourcing, due diligence, selection, contract negotiation and execution, monitoring and transition
 - Oversight of the implementation of investment decisions
 - Comprehensive risk management and risk budgeting
 - Selection and oversight of alternatives strategies
 - Implementing strategies such as portable alpha
 - In-house asset management for efficient passive exposure
- Broad back office services, including coordination with providers as necessary (e.g., custodian, managers), and audit and tax support
- Education for investment committee members
- Dedicated relationship management and comprehensive reporting

As part of its management of client accounts, Strategic may, in accordance with its investment advisory agreements with its clients, retain the services of sub-adviser(s) to manage certain sectors of client portfolios. Sub-advisers are selected and terminated on the basis of Strategic's assessment of their ability to provide value added net of management fees and other costs, over and above explicit absolute and/or relative yardsticks on an absolute and risk-adjusted basis. Any such sub-advisers are either registered under the Investment Advisers Act of 1940 ("Advisers Act") or exempt from registration. Strategic may enter into a separate investment advisory agreement on behalf of a client with each sub-adviser or may invest client assets in investment funds managed by Strategic or third parties. Sub-advisers and investment funds selected by Strategic may include affiliates of Strategic and specialized proprietary strategies managed by Strategic.

Strategic Private Equity Management III, LLC, Strategic Private Equity Management IV, LLC and Strategic Private Equity Management (GP), L.P. (together the "General Partners") are special purpose vehicles

formed by Strategic for the purpose of acting as general partners of certain private funds for which Strategic is the investment adviser.

Principal Owners

Strategic was founded in 1987 and is a privately-held limited liability company. Its principal interest holders are (i) Northill US Holdings II Inc., part of the Northill Capital Group ("Northill"), and (ii) certain employees of Strategic. Northill acquired its interest in Strategic in February 2019 from FFL Partners, LLC, which previously held their ownership interest of Strategic through the limited liability company, FFL CP III/SIM Holdings, LLC.

Fees and Compensation

Strategic provides to its clients full service discretionary investment planning, implementation and management of actively managed global portfolios. Strategic's investment advisory fees are negotiable under certain circumstances. The percentages upon which annual basic fees are charged may vary, according to the client's investment objectives, the extent of the services desired, the types of assets to be managed and various competitive factors. Strategic may also charge performance fees in compliance with SEC Rule 205-3 under the Advisers Act (*Please see Performance Fees and Side-by-Side Management for additional information*).

Strategic offers the following specific investment advisory services for which special fee arrangements apply:

Full Global Discretionary Management Services

Strategic's basic fee schedule for full global discretionary management services for accounts of \$100 million or less is generally 0.50% per annum on the first \$100 million of assets under management. Fees are negotiable for global discretionary management services for accounts of greater than \$100 million, and in certain other circumstances.

Other Services

Fees for services other than those described above, such as management of individual asset classes or groups of asset classes, investment policy research, specific country management, etc., or consulting or financial planning services to assist with asset allocation and manager selection are negotiable based upon client needs and circumstances and other considerations.

Investment Funds

Strategic acts as investment adviser to several investment funds. The fee structure for the investment funds generally provides for an asset based fee or an asset based fee plus an annual performance based fee which is based on a percentage of either the appreciation of fund assets or on the value added over and above a specified benchmark. In addition, as managing member or general partners to certain private equity funds for which Strategic is the investment adviser, Strategic, as managing member, and certain General Partners may be entitled to performance-based compensation in the form of carried interest. A detailed description of the carried interest calculation methodology applicable to a private equity fund can be found in the relevant fund's organizational and offering documents.

Client accounts that Strategic manages may be invested in funds managed by Strategic or its affiliates. When Strategic invests client account assets in funds-of-funds managed by Strategic, the client may be charged fees both at the overall account level and at the fund-of-funds level. In addition, assets of Strategic clients (which may include such funds-of-funds) may be invested in specialty products managed by Strategic that represent a subcomponent of a broader asset allocation strategy, as well as in investment funds managed by Strategic's affiliates. In such instances, the client may be charged a fee at the specialty product level as well. The exact nature of such fees may be negotiable under certain circumstances. There may be a risk that Strategic would have a financial incentive to invest a client's assets in such affiliated funds and products. Nevertheless, Strategic will invest client assets only in securities and strategies that it deems appropriate for such client.

General

Advisory fees are payable quarterly in arrears, according to the terms and conditions set forth in the investment management agreement with the client. Clients may be billed directly or authorize Strategic to directly debit fees from their account. An advisory client generally may terminate its investment advisory contract upon providing no more than 90 days' prior written notice. If an account is terminated before the end of a quarter, the fees charged to the client will be prorated accordingly.

Fee structures, including those noted above, may be modified where a new account is expected to grow rapidly, where a relationship already exists with a current client, where the client retains Strategic to provide services with respect to multiple investment mandates or for various other competitive factors.

The differing levels of basic fees among client categories indicated above take into account such factors as the degree of investment management activity and supervision required, the nature of discretionary or non-discretionary service provided and the types of investment guidelines and restrictions imposed upon the management of the accounts.

Strategic may charge different fees for management of different asset classes. For global discretionary accounts and other accounts, which combine multiple asset classes, Strategic typically has discretionary authority to determine a client's allocation to each asset class. Therefore, Strategic may have a financial incentive to allocate a client's assets to those asset classes for which Strategic receives a higher fee. Nevertheless, Strategic will make decisions with respect to asset allocation in a manner, which Strategic deems appropriate for the client.

In addition to the foregoing, there may be specialized investment strategies with individualized fee arrangements in place as well as historical fee schedules with long-standing clients that may differ from those applicable to new client relationships.

Strategic does not provide brokerage or custody services and our fees are exclusive of additional fees and expenses which will be incurred by clients separately for external providers such as sub-advisers, legal counsel, and custodians, including, but not limited to, brokerage commissions, transactions costs, clearing fees and other administrative fees and costs. Please refer to the "Brokerage Practices" section of this Brochure for information regarding the factors that Strategic considers in selecting or recommending broker-dealers for client transactions.

Performance-Based Fees & Side-by-Side Management

As discussed in the “Fees and Compensation” section of this Brochure in some cases, Strategic has entered into performance fee arrangements with qualified clients in accordance with SEC Rule 205-3 under the Advisers Act. Although such fee arrangements could create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities, Strategic has implemented procedures designed to ensure that opportunities are allocated among clients on a fair and equitable basis. In addition, as discussed in the “Fees and Compensation” section of this Brochure, Strategic as managing member and certain General Partners may be entitled to performance-based compensation in the form of carried interest from the applicable private equity fund.

Types of Clients

Description

Strategic’s clients may include U.S. and non-U.S.:

- **individuals**
- **trusts and estates**
- **pension and profit sharing plans**
- **pooled investment vehicles**
- **charitable organizations**
- **state or municipal government entities**
- **multinational organizations**
- **corporations or other businesses**
- **government investment funds**

Account Minimums

Strategic generally will only manage accounts on a discretionary basis and generally will not accept separate accounts less than \$100 million; however, under certain circumstances this minimum investment may be waived. Investment funds managed by Strategic typically have lower minimums.

Methods of Analysis, Investment Strategies and Risk of Loss

Strategic tailors its investment advisory services in accordance with particular client objectives and investment strategies therefore vary. For full global discretionary separate accounts, Strategic's investment process generally follows the following five steps. For specialized strategies and investment funds, Strategic may follow a subset of the steps set forth below, or may employ other methods of analysis as discussed with the client or as described in the relevant fund's offering documents.

Policy Setting

Typically at the outset of a relationship, one of Strategic's relationship management professionals work with the client and senior investment staff to set an investment policy that defines financial objectives, considers constraints and provides a framework for achieving those objectives. The policy includes a passive, investable asset allocation that serves as a benchmark against which actual portfolio performance is measured. It represents a long-term investment strategy that should achieve the objectives of the portfolio, provided markets deliver equilibrium returns consistent with normal economic growth. The policy also includes risk control ranges that ensure portfolio diversification, define the permissible magnitude of active asset allocation, and constrain both absolute and relative risk. Ranges are constructed considering tolerance for both volatility and liquidity. Typically, Strategic is authorized to tactically manage client portfolios within these risk control ranges.

Asset Allocation

We find that the optimal asset mix evolves through time in response to changing economic circumstances and volatile market prices. In response to and in anticipation of these changing circumstances Strategic actively manages portfolio asset allocation within the ranges defined during the policy setting process. Strategic's active asset allocation process is informed by a proprietary, quantitative global tactical asset allocation model. Strategic considers these quantitative forecasts in the context of Strategic's fundamental research regarding asset class valuation and economic relationships.

Asset Class Structuring

By structuring, Strategic means decisions regarding large versus small capitalization, value versus growth, active or passive management, developed versus emerging markets, quantitative or fundamental research, etc. Structuring decisions are a key determinant of returns within asset classes. Strategic actively manages the structure of each asset class in coordination with Strategic's active asset allocation and manager selection processes.

Manager Selection

Strategic observes that markets are not perfectly efficient; ample opportunity exists for skillful managers to exploit persistent mispricings at the security level. Strategic uses an open architecture approach to security selection. Strategic retains specialist managers to execute security selection strategies within the carefully constructed bounds of Strategic's asset allocation and structuring efforts.

Risk Management

Investing in securities involves risk of loss that clients should be prepared to bear. Strategic quantifies, evaluates and controls risk using Strategic's proprietary risk management system. Strategic's risk

management system combines the macro-level risks that arise from asset allocation and structuring decisions with the security-specific risks produced by the active management activities of specialist investment managers. Strategic budgets, allocates, and monitors both absolute (standard deviation) and relative (tracking error) portfolio risk. Strategic's system calculates forward-looking risk estimates at the total portfolio level, along with the contribution to risk from each asset class, sector, and manager. Strategic prepares and analyzes detailed risk reports monthly and provides summary reports to clients quarterly, or more frequently as desired.

In addition to local and international publications on finance, business and the economy, Strategic subscribes to several data vendors that provide key financial data on both a real-time and historical basis. Information is also obtained from various research organizations, exchanges and brokers.

Types of Investments

Strategic may offer advice on a broad range of traditional and alternative investments including long and short positions in U.S. and non-U.S. equities (including preferred and common stock), private equities, hedge funds, real estate, commodities, U.S. and non-U.S. fixed income investments (which may be rated or unrated, and which may include convertible securities, bank loans, and other public or private debt instruments), futures, swaps, options, forward contracts, other derivative instruments, cash and cash-equivalent instruments, however, actual investments as to which advice may be provided are subject to change based on market conditions, business plans and other factors. Strategic may also offer advice on a variety of implementation vehicles including investment funds (including those managed by Strategic or its affiliates) that invest in any of the instruments described above.

Some investment funds and certain private accounts advised by Strategic hedge certain investment risks or seek to enhance total return by investing in instruments as identified above.

Certain Potential Conflicts

In addition to others discussed elsewhere in this Brochure, Strategic faces certain conflicts of interest including but not limited to, Strategic may effect transactions between the accounts of its advisory clients to the extent that such transactions are (1) consistent with Strategic's investment strategy and its policies and procedures, (2) in accordance with the client's investment objectives and restrictions and (3) permitted by law. *(See Brokerage Practices for more information)*

Also, as discussed more fully in the "Financial Industry Activities and Affiliations" section of this Brochure, Strategic and its affiliates serve as investment advisers, general partners or managing members of a number of investment funds and separate account investment strategies in which assets of Strategic's clients may be invested either by Strategic or on the client's own initiative. In such cases, Strategic, its equity owners and/or their related persons have a financial interest in the investment as a result of the affiliation. In addition, investment managers of funds or strategies in which Strategic client assets are invested (or their affiliates) may invest in funds or strategies managed by Strategic or its affiliates.

Strategic may act as investment manager to numerous client accounts as well as to investment funds. Strategic may give advice and take action with respect to any funds or accounts it manages, or for its own account, that may differ from action taken by Strategic or by any manager, officer, employee or affiliate of Strategic on behalf of other accounts. Strategic is not obligated to recommend, buy or sell, or to refrain from recommending, buying or selling any security that Strategic, its affiliates or their respective managers, partners, directors, officers or employees may buy or sell for its or their own account or for the accounts of any other client. Strategic is not obligated to refrain from investing in securities held by funds or accounts

that it manages except to the extent that such investments violate the Code of Ethics (“Code”) adopted by Strategic. (See *Code of Ethics* for more information.)

Disciplinary Information

To the best of our knowledge, Strategic is not involved in any legal or disciplinary events that would be material to the evaluation of Strategic’s advisory business or the integrity of its management.

Other Financial Industry Activities and Affiliations

As noted previously, Strategic is majority owned by Northill and Northill representatives serve on Strategic’s Board of Managers. Strategic has no other arrangements with Northill or its affiliates that are material to Strategic’s business or its clients.

Strategic is a registered commodity pool operator and commodity trading adviser. In addition, Strategic is the managing member of Strategic Investment Group Ventures II, LLC (“SIGV II”), which is a joint venture between Strategic and the California Public Employees’ Retirement System. SIGV II is an equity holder in TOBAM SAS, an investment management firm registered with the French *Autorité des Marchés Financiers*, which manages global and regional equity portfolios.

Strategic may, in accordance with the investment advisory agreements with its clients, retain the services of affiliated sub-advisers or specialty products and investment funds in connection with the management of selected asset portfolios of its clients. In certain circumstances, in addition to assets of Strategic’s clients (invested either by Strategic or by the client independently), assets of Strategic, as well as its related persons and members of their families, may be invested in these funds. There may be a risk that Strategic would have a financial incentive to invest a client’s assets in such strategies. Nevertheless, Strategic will invest client assets only in securities and strategies that it deems appropriate for such client. If an affiliate is used as a sub-adviser, the fee that such affiliate charges to the client is competitive with the fees of other investment advisers offering comparable services.

Strategic is investment manager to both limited liability companies and limited partnerships in which Strategic clients may have either invested or been solicited to invest and which are described in its Form ADV, Part 1, Schedule D, Section 7.B.(1) on the Investment Adviser Public Disclosure (“IAPD”) website. In addition, the General Partners serve as general partners to certain private funds for which Strategic is the investment adviser and which are described in its Form ADV, Part 1, Schedule D, item 7.B. on the IAPD website. Strategic and the General Partners are together filing a single Form ADV in reliance on the response of the Office of Investment Adviser Regulation Division of Investment Management dated January 18, 2012 to the Subcommittee on Hedge Funds of the Federal Regulation of Securities Committee of the Business Law Section of the American Bar Association.

Strategic only provides investment management services and does not receive any remuneration from investment managers hired on behalf of clients.

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

Code of Ethics

Strategic does not generally purchase or sell securities for its own account. However, Strategic may manage accounts on behalf of its related persons and members of their families. Strategic, its related persons and members of their families may also hold interests in investment funds managed by Strategic or its affiliates. Strategic's personnel and members of their families from time to time may acquire, hold or dispose of the same investments for their own accounts as are held or to be purchased or sold for a client's account. In addition, from time to time, related persons of Strategic may serve on boards of directors of public and privately-held companies, investment advisory firms, investment funds, foundations, endowments and other organizations. Such related persons may, in certain circumstances, receive cash payments, stock options or other benefits in connection with this service. Strategic personnel may serve on the board of directors of a publicly traded company, an issuer of securities eligible for purchase by Strategic, or any other organization that might present a potential conflict of interest (such as a position with a client organization or an organization affiliated with a client) only with the prior authorization of the General Counsel or Chief Compliance Officer. Any such authorization will be based on a determination that the board service would not be inconsistent with the interests of Strategic and its clients. Strategic has adopted a Code of Ethics (the "Code") intended, among other things, to help ensure that personal securities transactions and related activities conducted by Strategic's employees are consistent with Strategic's fiduciary duty to clients. Strategic expects all employees to act with integrity, competence, dignity, and in an ethical manner when dealing with the public, clients, prospects, their employer and their fellow employees and to place the integrity of the investment profession, the interests of clients and the interests of Strategic above their own personal interests. Engaging in fraudulent or deceitful conduct with clients or potential clients is strictly prohibited. The Code also requires that all employees comply with applicable securities laws and to report promptly any violations of the Code.

The Code restricts the purchase and sale of certain securities by employees for their own accounts under certain circumstances. Under the Code, employee personal securities transactions are subject to a pre-clearance procedure for permitted securities unless exempted. Approval generally will be withheld for an employee transaction if it competes or conflicts with a client transaction, violates Strategic's internal policies or the employee's or Strategic's fiduciary duty, or creates the appearance of impropriety. In addition, all employees are required to report their holdings initially and annually thereafter; provide quarterly reports regarding their personal transactions, and to establish an automatic broker feed of all transactions or provide copies of all brokerage confirmations and/or account statements to the legal and compliance group. In addition, employees may not purchase securities in an Initial Public Offering ("IPO") without the prior approval of Strategic's Compliance Committee.

Clients and approved prospective clients may obtain copies of Strategic's Code by requesting such information from Strategic at the address and phone listed on the cover page of this Brochure.

Insider Trading Policy

Strategic and its related persons may, from time to time, come into possession of material nonpublic and other confidential information which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Strategic and its related persons may be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any other person, regardless of whether such other person is a Strategic client. Accordingly, should such persons come into possession of material nonpublic or other confidential information with respect to any company, they may be prohibited from communicating such information to, or using such information for the benefit of, their respective clients, and have no obligation or responsibility to disclose such information to, nor responsibility to use such information for the benefit of, their clients when following policies and procedures designed to comply with law.

Strategic has adopted an "Insider Trading Policy" in accordance with Section 204A of the Advisers Act which establishes procedures to prevent the misuse of material nonpublic information by Strategic and its managers, officers and employees. Any officer, founder or employee of Strategic who fails to observe the above-described policies risks serious sanctions, including dismissal and personal liability.

Brokerage Practices

Selection Criteria for Brokers and Dealers

In effecting portfolio transactions for those accounts for which Strategic exercises discretionary authority in the selection of executing brokers and dealers, Strategic seeks the best price, where possible, and best execution available. The determination of what may constitute best price and execution involves a number of considerations, including, without limitation, the overall net economic result to an account (involving, in the case of certain accounts, both price paid or received, any commissions and other costs paid and reductions, in respect of commissions paid, in certain operating charges otherwise payable by the account for services with respect to which the transaction is effected); the ability of the executing broker-dealer to effect the transaction at all where a large block transaction is possibly difficult; Strategic's knowledge of negotiated commission rates and spreads currently available; the nature of the security being traded; the size and type of the transaction; the nature and character of the markets for the security to be purchased or sold; the desired timing of the trade; the activity existing and expected in the market for the particular security; confidentiality; the execution, clearance and settlement capabilities as well as the reputation, financial strength, stability and perceived soundness of the broker-dealer selected and others which are considered; Strategic's knowledge of actual or apparent operational problems of any broker-dealer; the broker-dealer's execution services rendered on a continuing basis and in other transactions; and the reasonableness of spreads, commissions and other terms. Because of such factors, a broker-dealer effecting a transaction may be paid a commission higher than that charged by another broker-dealer. Most of the foregoing are judgmental considerations.

Commission Rates or Equivalents Policy

Strategic endeavors to be aware of current charges of eligible broker-dealers and to minimize the expense incurred for effecting portfolio transactions to the extent consistent with the interests and policies of its

accounts. However, Strategic will not select broker-dealers solely on the basis of “posted” commission rates nor always seek in advance competitive bidding for the most favorable commission rate applicable to any particular portfolio transaction. Although Strategic generally seeks competitive commission rates, it will not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker-dealer involved resulting in higher commissions or their equivalents than would be the case with transactions requiring more routine services.

The reasonableness of commissions is based on the broker’s ability to provide professional services, competitive commission rates, research, and other services which will help Strategic in providing investment management services to clients. Strategic may, therefore, use a broker who provides useful research and securities transaction services even though a lower commission may be charged by a broker who offers no research services and minimal securities transaction assistance.

Batch Transaction Policy

If Strategic believes that the purchase or sale of a security is in the best interests of more than one client, Strategic may, but is not required to, aggregate the securities to be sold or purchased to obtain favorable execution to the extent permitted by applicable law and regulations. In such event, the transactions, as well as the expenses incurred in the transactions, will be allocated by Strategic in a manner that is equitable and consistent with Strategic’s fiduciary duty to its clients. Strategic may include proprietary accounts in such aggregate trades subject to its duty of seeking best execution and to its Code.

Client-Directed Brokerage Transactions

Certain clients of Strategic may enter into arrangements through which they receive special rebates or other negotiated benefits from a specific broker-dealer. As a result, these clients may instruct in certain circumstances that a portion of their portfolio transactions be placed with such specified broker-dealer. Where Strategic accepts such directions, Strategic and any sub-advisers will not seek to negotiate commission rates. As a result, the client may pay higher commissions than if the broker/dealer were selected by Strategic or any sub-advisers and Strategic or any sub-advisers negotiated the commission rate. In addition, the client may not benefit from volume discounts on commissions that Strategic and any sub-advisers may be able to obtain when trading on behalf of other clients. With respect to clients subject to the Employee Retirement Income Security Act of 1974 (“ERISA”), Strategic will not accept a client direction if Strategic is aware that the transaction is not in the best interests of or for the exclusive benefit of the plan participants.

In addition, transactions for a client that directs brokerage may not be combined or “batched” for execution purposes with orders for the same securities for other accounts managed by Strategic. Trades for a client that has directed use of a particular broker or dealer may be placed at the end of batched trading activity for a particular security. Accordingly, directed transactions may be subject to price movements, particularly in volatile markets, that may result in the client receiving a price that is less favorable than the price obtained for the batched order. Under these circumstances, the direction by a client of a particular broker or dealer to execute transactions may result in higher commissions, greater spreads, or less favorable net prices than might be the case if Strategic could negotiate commission rates or spreads freely, or select brokers or dealers based on best execution.

Research/Execution Policy

Strategic may select particular broker-dealers to effect portfolio transactions that provide research services to Strategic or to the accounts it manages.

Broker-dealers typically provide a bundle of services including research and execution of transactions. The research provided can be either proprietary (created and provided by the broker-dealer, including tangible research products as well as access to analysts and traders) or third-party (created by a third party but provided by broker-dealer). Strategic may acquire either type of research.

Strategic may pay for research and brokerage services with the commission dollars generated by client account transactions. In determining whether a service or product qualifies as research or brokerage, Strategic evaluates whether the service or product provides lawful and appropriate assistance to Strategic in carrying out its investment decision-making responsibilities.

Brokerage and research services may include the furnishing of advice as to the value of securities, the advisability of investing in, purchasing or selling securities and the availability of securities or purchasers or sellers of securities; furnishing analyses and reports concerning issuers, industries, securities, economic factors and trends; portfolio strategies and the performance of accounts; and effecting securities transactions and performing functions incidental thereto, such as clearance, settlement and custody. Research services may include personal interviews with analysts, written reports, pricing services and meetings, seminars and conferences arranged with various sources of information regarding particular issuers, investment strategies, industries, governmental policies, economic trends and other matters.

To the extent that services of value are received by Strategic, Strategic may avoid expenses which it might otherwise incur. The receipt of research in connection with brokerage transactions executed on behalf of its clients benefits Strategic by allowing Strategic, at no cost to it, to supplement its own research and analysis activities, to receive the views and information of individuals and research staffs of other securities firms, and to gain access to persons having special expertise on certain companies, industries, areas of economy and market factors. Research and brokerage services acquired in connection with client transactions may include reports on the economy, industries, sectors and individual companies or issuers; statistical information; accounting and tax law interpretations; political analyses; reports on legal developments affecting portfolio securities; information on technical market actions; credit analyses; on-line quotation and trading systems; risk measurement; analyses of corporate responsibility issues; on-line news services; and financial and market database services.

The determination and evaluation of the reasonableness of the brokerage commissions paid in connection with portfolio transactions are based primarily on the professional opinions of the persons responsible for the placement and review of such transactions. These opinions are formed on the basis of, among other things, the experience of these individuals in the securities industry and information available to them concerning the level of commissions being paid by other investors of comparable size and type. Strategic may select broker-dealers based on its assessment of their ability to provide quality executions and its belief that the research, information and other services provided by such broker-dealer may benefit client accounts. It is not possible to place a dollar value on the special executions or on the research services Strategic receives from dealers effecting transactions in portfolio securities. Accordingly, broker-dealers selected by Strategic may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions if Strategic determines in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker-dealers, viewed either in terms of a particular transaction or Strategic's overall duty to its discretionary accounts.

Research obtained in connection with client transactions may not be utilized by Strategic for the specific account that generated the relevant transactions. Strategic does not usually attempt to allocate the relative costs or benefits of research among client accounts because it believes that, in the aggregate, the research it receives benefits clients and assists Strategic in fulfilling its overall duty to its clients.

Strategic will not enter into any agreement or understanding with any broker-dealer which would obligate Strategic to direct a specific amount of brokerage transactions or commissions in return for such services.

Sub-advisers retained by Strategic to manage client portfolios (which may include sub-advisers affiliated with Strategic) may have research and brokerage policies that differ from Strategic's policies, including but not limited to formal soft dollar arrangements which obligate the sub-adviser to direct brokerage transactions or commissions in return for research services.

Review of Accounts

Periodic Reviews

For global discretionary accounts and subsets thereof, accounts are generally reviewed at least quarterly by asset class subcommittees, and by Strategic's full investment committee. In addition, at least one member of the investment committee and/or a relationship management professional is assigned direct operational responsibility for each account. The number of accounts for which any such person may have direct responsibility will vary. In addition to such quarterly reviews, reviews may also be conducted when requested by a client and when otherwise considered appropriate by Strategic in response to changes in market or economic conditions, changes in a client's investment objectives, risk tolerance or other circumstances. Strategic will meet with clients periodically to discuss account performance and address other account-related issues. The frequency of such meetings will vary depending on the needs and circumstances of the client.

Regular Reports

Quarterly written reports are furnished to clients and reflect the asset mix, market value and investment performance of the portfolio overall and sectors thereof for the quarter and year-to-date and include a narrative description of strategies employed during the quarter, an outlook for the future, and more detailed analyses of portfolio positions.

Client Referrals and Other Compensation

Third Party Solicitors

From time to time Strategic enters into various arrangements under which certain persons or entities may be compensated, directly or indirectly, for referring clients to Strategic. Arrangements may be entered into with independent third parties or with persons affiliated with Strategic. The compensation paid for referrals varies and may include either fixed and annual fees or fees based on the total amount of assets referred and ultimately managed by Strategic. Clients are advised of the nature of these arrangements. In addition, parties who refer investors to investment funds managed by Strategic or its affiliates may receive compensation for such referrals. From time to time, Strategic also may compensate employees in part based on their role in obtaining new client accounts. To the extent deemed applicable, the foregoing

arrangements are entered into in accordance with the terms and conditions of Rule 206(4)-3 under the Advisers Act.

Custody

Strategic does not take physical possession of any assets or securities of any client, although it is deemed to have custody in circumstances, including but not limited to, where it has agreed to process the payment of client fees or other payments out of a client's account or to act as a general partner or managing member of a commingled vehicle.

From time to time, certain third parties may send share certificates, dividend checks or other client assets directly to Strategic. In the case of inadvertently received legal action and class action settlement checks, tax refunds or dividend payments and stock certificates in the name of a client, it is Strategic's practice to promptly forward the assets to the client (or former client) or the client's qualified custodian.

Clients receive statements at least quarterly from the broker dealer, bank or other qualified custodian that holds and maintains custody of client assets. Clients are encouraged to carefully review such statements and to compare such official custodial records to the account statements that Strategic may provide to clients or their advisers. Strategic statements may vary occasionally from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Investment Discretion

Generally, Strategic is retained by clients on a discretionary basis and is authorized to make and to delegate to sub-advisers the following determinations in accordance with the client's specified investment objectives without client consultation or consent before a transaction is effected:

- Which securities to buy or sell.
- The total amount of securities to buy or sell.
- The broker or dealer through whom securities are bought or sold.
- The commission rates at which securities transactions for client accounts are effected.
- The prices at which securities are to be bought or sold, which may include dealer spreads or mark-ups and transaction costs.

Strategic's discretionary authority as to the total amount of securities or as to specific securities to be bought or sold for a particular account is subject to the investment objective for the account and any applicable investment restrictions including, but not limited to, any restrictions prohibiting the purchase of certain securities or securities of certain types of issuers. Such investment limitations vary from one account to another and include, but are not limited to, social investment restrictions, diversification requirements and limitations as to the percentage of the securities of an issuer which may be held by an account. Strategic may also limit purchases or sales of particular securities, or temporarily suspend such purchases or sales

to the extent considered by Strategic to be advisable in order to avoid adversely affecting the price or availability of such securities.

Strategic establishes its discretionary authority by means of a written investment management agreement entered into between Strategic and each client before the inception of an account. This investment management agreement also documents the investment objective for the account as well as any other guidelines or restrictions that a client may wish to place on our discretionary authority. Investment restrictions vary among accounts. Examples include social investment restrictions and diversification requirements.

Voting Client Securities

Strategic has adopted written proxy voting policies and procedures as required by Rule 206(4)-6 under the Advisers Act. Under these policies and procedures, Strategic votes proxies relating to equity portfolio securities under its direct discretionary management in the best economic interest of clients unless the client contract specifies that Strategic will not vote. To the extent that Strategic has delegated investment management discretion to sub-advisers, the sub-advisers are responsible for voting the proxies of clients whose accounts they sub-advise. Sub-advisers may vote in accordance with their own proxy voting policies and procedures as long as those policies and procedures require such proxies to be voted in the best interests of clients and the sub-adviser has adequate procedures in place to identify and resolve material conflicts of interest. Strategic will review the proxy voting policies and procedures of its sub-advisers. Sub-advisers may be required to provide Strategic information on proxies voted for clients on a periodic basis and upon request either by clients or by Strategic.

To the extent that Strategic agrees to vote proxies in accordance with a client's own procedures, Strategic may vote the same securities differently for different clients depending upon each client's directions. Under certain circumstances, Strategic may take a limited role in voting such as when securities lending arrangements are in place, where the cost outweighs the benefit or the vote would have an insignificant or indeterminable impact on the security.

Strategic's proxy administrator is responsible for ensuring that votes are cast and records are maintained. Strategic's portfolio managers or investment officers are responsible for considering the substantive issues relating to any vote, deciding how the shares will be voted, and instructing the proxy administrator how to vote the proxies.

Strategic acknowledges its responsibility for identifying material conflicts of interest relating to voting proxies. Personal conflicts may include officer or director positions held in a portfolio company by investment personnel involved in the proxy voting process, their spouses or close relatives. Conflicts based on business relationships with Strategic or any affiliates of Strategic will only be considered to the extent that Strategic has actual knowledge of such relationships.

In determining how to vote a given proxy, Strategic's policies and procedures are followed except to the extent superseded by client proxy voting policies or to the extent that a material conflict of interest is identified. If there is no material conflict of interest, the vote recommendation will be forwarded to the proxy administrator to be cast. In the event of a perceived material conflict of interest, the responsible portfolio manager, investment officer or other employee will disclose the conflict to Strategic's General Counsel for

a determination on whether the conflict is material. To the extent that a material conflict of interest exists, Strategic may also choose to eliminate such conflict by (1) voting in accordance with its policies and procedures if it involves little or no discretion; (2) “echo voting” or “mirror voting” the proxies in the same proportion as the votes of other proxy holders that are not clients; (3) if possible, erecting information barriers around the person or persons making voting decisions sufficient to insulate the decision from the conflict; (4) if practical, notifying affected clients of the conflict of interest and seeking a waiver of the conflict; or (5) if agreed upon in writing with the client(s), forwarding the proxies to affected clients allowing them to vote their own proxies.

Clients may obtain copies of Strategic’s written proxy voting policies and procedures as well as information on how proxies were voted for its account by requesting such information from Strategic at the address and phone listed on the cover page of this Brochure. Strategic will not disclose proxy votes for a client to other clients or third parties unless specifically requested, in writing, by the client. However, to the extent that Strategic may serve as a sub-adviser to another adviser to a client, Strategic will be deemed to be authorized to provide proxy voting records on such client accounts to such other adviser.

Financial Information

Strategic 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.